



BANQUE
INTERNATIONALE
À LUXEMBOURG

BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE 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 and Undated Notes and Warrants (the "Programme") and issued an offering circular 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 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 Act dated 10 July, 2005 relating to prospectuses for securities 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 Prospectus or the quality or solvency of the Bank 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 publication of this 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"). References in this Prospectus to Notes and Warrants being "listed" (and all related references) shall mean that such Notes and Warrants have been listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of the Directive 2004/39/EC of the European Parliament and of the Council on Markets in financial instruments. However, unlisted Notes and Warrants may be issued pursuant to the Programme. The relevant Final Terms (as defined on page 6) in respect of the issue of any Notes and the relevant Final Terms for the Warrants (as defined on page 10) 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 (or any other stock exchange(s)).

Each Tranche (as defined on page 6) 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 temporary global warrant in bearer form (each, a "temporary Global Warrant"). Each Tranche of Warrants in book-entry form will be represented by a global warrant (each, a "Global Warrant", which expression does not include temporary Global Warrants). 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 S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("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 6) 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"), Registered Note Global Certificates which are not held under the NSS, temporary Global Warrants and Global Warrants will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depositary").

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". Each temporary Global Warrant will be exchangeable in whole, but not in part, for definitive Warrants in bearer form 40 days after its issue date upon certification as to non-U.S. beneficial ownership. The purchase, transfer and exercise of Warrants in book-entry form may only be effected through an account at Euroclear or Clearstream, Luxembourg. Definitive Warrants in book-entry form will not be issued.

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, it will be specified in the relevant Final Terms. Such rating will not necessarily be the same as ratings assigned to the Programme. 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 Prospectus.

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive").

Dealers

BNP PARIBAS

Citigroup

Crédit Agricole CIB

Banque Internationale à Luxembourg

J.P. Morgan

Morgan Stanley

BofA Merrill Lynch

Commerzbank

Credit Suisse

Goldman Sachs International

Mitsubishi UFJ Securities

Nomura

UBS Investment Bank

Arranger

Goldman Sachs International

Responsibility Statement

The Issuer accepts responsibility for the information given in the Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect its import.

General

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes or Warrants in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes or Warrants. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes or Warrants which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes or Warrants may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by relevant final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or relevant final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any 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. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes 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 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 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 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.

The distribution of this Prospectus and the offering or sale of the Notes and Warrants in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes and Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Notes include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. The Warrants may not at any time be offered, sold or delivered directly or indirectly in the United States or to, or for the account or benefit of, any U.S. person. Furthermore, neither the sale of nor trading in Warrants which relate to currencies, commodity prices or indices has been approved by the United States Commodity Futures

Trading Commission under the United States Commodity Exchange Act, and no U.S. person may at any time purchase, trade or maintain a position in such 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 Prospectus, see “Plan of Distribution”.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers 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 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 Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes or Warrants, as the case may be. Each potential purchaser of Notes or Warrants should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes or Warrants, as the case may be, should be based upon such investigation as it deems necessary. 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 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.

In connection with the issue of any Tranche of Notes the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes, or effect transactions with a view to supporting the market price of the Notes, at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes, is made and, if begun, may be ended at any time, but it must end no later than the earlier of 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 Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Stabilising activities are not permitted in respect of the Warrants.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “EUR” and “euro” are to the currency introduced pursuant to Article 109I(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.

TABLE OF CONTENTS

SUMMARY OF THE PROGRAMME.....	5
RISK FACTORS	13
GENERAL DESCRIPTION OF THE PROGRAMME	26
DOCUMENTS INCORPORATED BY REFERENCE	26
PROSPECTUS SUPPLEMENT	26
TERMS AND CONDITIONS OF THE SENIOR NOTES	27
TERMS AND CONDITIONS OF THE SUBORDINATED NOTES	49
GENERAL CONDITIONS OF THE BOOK-ENTRY WARRANTS.....	71
GENERAL CONDITIONS OF THE BEARER WARRANTS.....	76
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM.....	80
USE OF PROCEEDS	85
BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE ANONYME.....	86
DEXIA GROUP	91
BIL PRESS RELEASE	92
TAXATION.....	93
PLAN OF DISTRIBUTION.....	102
FORM OF FINAL TERMS	106
FORM OF FINAL TERMS FOR THE WARRANTS.....	119
GENERAL INFORMATION	122
REGISTERED OFFICE OF THE ISSUER.....	124

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Prospectus. Any decision to invest in any Notes or Warrants should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference, by any investor. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an "EEA State"), the responsible persons may have civil liability in respect of this summary, if it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of, this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes or Warrants, the applicable Final Terms or Final Terms for the Warrants. Words and expressions defined or used in "Terms and Conditions of the Senior Notes", "Terms and Conditions of the Subordinated Notes", "General Conditions of the Book-Entry Warrants" and "General Conditions of the Bearer Warrants" shall have the same meaning in this summary.

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-1470 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.

In 1991, Crédit Communal de Belgique became BIL's principal shareholder, owning 51 per cent. of its capital. In 1996, the Dexia Group was created by a cross-border merger of Crédit Communal de Belgique and Crédit local de France. The Dexia Group held 99.94 per cent. of the shares of BIL. On 22 March, 2012, the Bank's legal name changed from Dexia Banque Internationale à Luxembourg, société anonyme to Banque Internationale à Luxembourg, société anonyme. On 5 April, 2012, Dexia, Precision Capital (a Qatari investment group) and the State of the Grand Duchy of Luxembourg announced the signing of share purchase agreements in relation to the sale of Dexia's then 99.906 per cent. stake in BIL to Precision Capital and the Grand Duchy of Luxembourg.

The transaction price for the stake of Dexia in BIL is EUR 730 million. The transaction is expected to close in the third quarter of 2012 and remains subject *inter alia* to all required regulatory approvals, including the approval by the European Commission.

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:

Issuer:	Banque Internationale à Luxembourg, société anonyme
Description:	Programme for the issue of Euro Medium Term Notes and Warrants.
Size:	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.
Arranger:	Goldman Sachs International
Dealers:	BNP Paribas Crédit Agricole Corporate and Investment Bank Citigroup Global Markets Limited

Commerzbank Aktiengesellschaft
Credit Suisse Securities (Europe) Limited
Banque Internationale à Luxembourg, société anonyme
Goldman Sachs International
J.P. Morgan Securities Ltd.
Merrill Lynch International
Mitsubishi UFJ Securities International 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”).
- Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly-Paid Notes may be issued, the issue price of which will be payable in two or more instalments. The issue price of each Tranche will be set out in the relevant Final Terms.
- 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 may have any maturity that is one month or greater and Subordinated Notes will have either (i) a maturity that is one month or greater ("Dated Notes") or (ii) no scheduled maturity date ("Undated Notes").

Under the Luxembourg Act dated 10 July, 2005 relating to prospectuses for securities 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.

Redenomination:

The relevant Final Terms may provide that certain Notes may be redenominated in Euro. If so, the wording of the redenomination clause will be set out in the relevant Final Terms.

Denomination:

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or, if the Notes are denominated in a

currency other than Euro, the equivalent amount in such currency at the time of issue).

Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series as follows: <ul style="list-style-type: none">(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) by reference to EURIBOR or LIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
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 may be specified in the relevant Final Terms.
Index-Linked Notes:	Payments of principal in respect of Index-Linked Redemption Notes or of interest in respect of Index-Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
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.
Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.
Redemption by Instalments:	The relevant Final Terms 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.
Other Notes:	Terms applicable to any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in a supplement to the Prospectus.
Optional Redemption:	The relevant Final Terms 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.
Status of Notes:	Senior Notes may be issued by the Issuer. 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”. Subordinated Notes may be issued as Upper Tier II or Lower Tier II Capital of the Issuer. Notes that are intended to constitute Lower Tier II Capital of the Issuer will have a minimum maturity of five years. Notes that are intended to constitute Upper Tier II Capital of the Issuer will either be Undated Notes or will be Dated Notes with a minimum maturity of five years in respect of which the maturity date may be postponed until the CSSF shall have agreed to their redemption.

- Negative Pledge:** Applicable to Senior Notes only. See “Terms and Conditions of the Senior Notes—Negative Pledge”.
- Cross Default:** Applicable to Senior Notes only. See “Terms and Conditions of the Senior Notes—Events of Default”.
- Early Redemption:** Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. Such redemption will be subject to the prior approval of the CSSF for Subordinated Notes. See “Terms and Conditions of the Senior Notes—Redemption, Purchase and Options” or “Terms and Conditions of the Subordinated Notes—Redemption, Purchase and Options”, as the case may be.
- Withholding Tax:** 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.
- Governing Law:** Senior Notes denominated in EUR may be governed by Luxembourg law or English law, as specified in the relevant Final Terms. Subordinated Notes will be governed by Luxembourg law.
- Listing:** The official list of the Luxembourg Stock Exchange and/or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms a Series of Notes may be unlisted.
- Selling Restrictions:** United States, EEA, United Kingdom, France, Germany, Japan, Singapore, The Netherlands. See “Plan of Distribution”.
- The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.
- The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (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) (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 as a transaction to which TEFRA is not applicable.
- Ratings:** Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the ratings will be specified in the relevant Final

Terms as the case may be. Such rating will not necessarily be the same as ratings assigned to the Programme. Whether or not a rating in relation to any Tranche will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies will be disclosed in the relevant Final Terms.

Risk Factors:

There are risk factors that fully affect the Issuer's ability to fulfil its obligations under the Notes. 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 Notes. These include the risk that the Notes may not be a suitable investment for all investors. There are also risk factors that relate to the structure of a particular issue of Notes. These include specific risk factors for: Notes subject to optional redemption by the Issuer, Index Linked Notes, Dual Currency Notes, Partly-Paid Notes, Variable Notes with a multiplier or other coverage factor, Fixed/Floating Rate Notes, Investors will not be able to calculate in advance their rate of return on Floating Rate Notes or Zero Coupon Notes which are subject to higher price fluctuations than not discounted notes, Notes issued at a substantial discount or premium, Foreign Currency Notes expose investors to foreign exchange risk as well as to Issuer risk, the Issuer's obligations under Subordinated Notes, Noteholders' actual yield on the Notes may be reduced from the stated yield by transaction costs and Noteholders' effective yield on the Notes may be diminished by the tax impact on that holder of its investment in the Notes. There are risks relating to the Notes generally. These include modifications, waivers and substitution, Basel Capital Requirements Directive, the trading market for debt securities may be volatile and may be adversely impacted by many events, the European Monetary Union, the EU Savings Directive and change of law. There are risks related 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 Notes will be used for the general funding purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

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 a supplement to this Prospectus (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") or in book-entry form only, being capable of being

purchased, transferred and exercised only through an account at Euroclear or Clearstream, Luxembourg (“Book-entry Warrants”). Each Tranche of Bearer Warrants will be represented on issue by a temporary Global Warrant exchangeable for definitive Bearer Warrants 40 days after its issue date. Each Tranche of Book entry Warrants will be represented by a Global Warrant at all times. Book-entry Warrants will not be issued in definitive form.

Initial Delivery of Warrants:	Temporary Global Warrants may, and 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 Bearer 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 from the Issuer calculated in accordance with the relevant Terms, all as set out in the General Conditions and in the relevant Terms. 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 designation, the maximum aggregate number and type of Warrants, the date of issue, the issue price, the strike price, the settlement amount, the exercise period or the exercise date or dates, the final exercise date and the settlement date.
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, any obligation upon the Issuer to pay or cause to be paid 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 of America (see “General Conditions of the Book-entry Warrants—Exercise Procedure” or “General Conditions of the Bearer Warrants—Exercise Procedure”, as the case may be).
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:	The Issuer has the right to terminate any Warrants prior to exercise only if its performance under such Warrants has become unlawful. 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. (See “General Conditions of the Book-entry Warrants—Illegality” or “General Conditions of the Bearer Warrants—Illegality”, as the case may be.)
Taxation:	Warrantholders will be liable for any taxes, including withholding tax, arising in connection with the Warrants.
Governing Law:	Book-entry Warrants shall be governed by English law. Bearer Warrants shall be governed by Luxembourg law.

- Listing:** The official list 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.
- Selling Restrictions:** United States, EEA, United Kingdom, France, Germany, Japan, The Netherlands, Singapore. See “Plan of Distribution”. The Warrants may not at any time be offered, sold or delivered directly or indirectly in the United States or to, or for the account or benefit of, any U.S. person. Furthermore, neither the sale of nor trading in Warrants which relate to currencies, commodity prices or indices has been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, and no U.S. person may at any time purchase, trade or maintain a position in such Warrants unless otherwise specified in the relevant Final Terms for the Warrants.
- 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 and Certain Additional Risk Factors Associated with Currency Warrants. There are risks relating to the Warrants generally. These include modifications, waivers and substitution, Basel Capital Requirements Directive, the trading market for debt securities may be volatile and may be adversely impacted by many events, the European Monetary Union, the EU Savings Directive and change of law. 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 particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms for the Warrants.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and/or the Warrants. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of all or any of such contingencies occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes and the Warrants issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this 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.

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. Most of the commitment decisions concern customers in the local government sector, which is low risk and also subject to specific controls relating to its public nature. The Issuer cannot assume that its level of provisions will be adequate or that it will not have to make significant additional provisions for possible bad and doubtful debts in future periods.

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, and, to a lesser extent, 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 exposure mainly on its short-term cash management and a portfolio of derivative products with customers that is managed on a market value basis. 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, legal and compliance risk 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 Board, 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 trading, 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. 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.

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.

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, each entity has its own local risk management structure. These structures are strictly independent of the front-offices and reporting to the Issuer's Local Risk Management department either directly (branches) or functionally (subsidiaries).

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. The nature and impact of future changes in such policies are not predictable and are beyond the Issuer's control.

Uncertain economic conditions

The Issuer's business activities are dependant 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 interest rates 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 trading market conditions and/or related factors, including governmental policies and initiatives. An economic downturn or significantly higher interest rates 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.

Increased Regulation

Recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. In particular, governmental and regulatory authorities in France, the UK, the United States, Belgium, Luxembourg and elsewhere have provided additional capital and funding and already or may in the future be introducing a significantly more restrictive regulatory environment including new accounting and capital adequacy rules, restriction on termination payments for key personnel in addition to new regulation of derivative instruments. It is uncertain how the more rigorous regulatory climate will impact financial institutions including the Issuer but an adverse impact on their respective businesses cannot be excluded, which could in turn affect the Issuer's ability to meet its payments under the Notes and Warrants.

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.

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.

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 under its debt obligations more generally.

There can be no assurance that the steps taken by governments to ameliorate the eurozone crisis or the global financial crisis will be successful or that these crises will not worsen. The structure, nature and regulation of financial markets in the future may be fundamentally altered as a consequence of these crises, possibly in unforeseen ways.

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.

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 should:

- (i) have 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 Prospectus or any applicable supplement;
- (ii) have 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) have 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) understand thoroughly the terms of the relevant Notes and/or Warrants and be familiar with the behaviour of any relevant indices and financial markets; and

- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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 structure of a particular issue of Notes

A wide 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 certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may 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.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. As a consequence, part of the capital invested by the Noteholder may be, may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). An investment in Index Linked Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. The Issuer believes that Index Linked Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in these instruments involves. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- (iii) the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer at the same time;
- (iv) payment of principal or interest may occur at a different time or in a different currency than expected;
- (v) the holder of an Index Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on the Index Linked Note;
- (vi) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vii) 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 will likely be magnified;
- (viii) 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;

- (ix) the risks of investing in an Index Linked Note encompass both risks relating to the underlying indexed securities and risks that are unique to the Note itself;
- (x) any Index Linked Note that is indexed to more than one type of underlying asset, or on formulas that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;
- (xi) it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Notes; and
- (xii) a significant market disruption could mean that the index on which the Index Linked Notes are based ceases to exist.

In addition, the value of Index Linked Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Index Linked Notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, stock, interest rate or other index, including the volatility of the applicable currency, stock, interest rate or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, stock, interest rate or other index depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, stock, interest rate or other index will be increased. The historical experience of the relevant currencies, commodities, stocks, interest rates or other indices should not be taken as an indication of future performance of such currencies, stocks, interest rates or other indices during the term of any Index Linked Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Notes.

Various transactions by the Issuer could impact the performance of any Index Linked Notes, which could lead to conflicts of interest between the Issuer and holders of its Index Linked Notes.

The Issuer is active in the international securities and currency markets on a daily basis. It may thus, for its own account or for the account of customers, engage in transactions directly or indirectly involving assets that are "reference assets" under Index Linked Notes and may make decisions regarding these transactions in the same manner as it would if the Index Linked Notes had not been issued. The Issuer and its affiliates may on the issue date of the Index Linked Notes or at any time thereafter be in possession of information in relation to any reference assets that may be material to holders of any Index Linked Notes and that may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuer to disclose any such business or information to the Noteholders.

Partly-Paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing some or all of its investment.

Variable Rate Notes with a multiplier or other leverage factor

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 such features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes, since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts 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. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its 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.

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 issued at a substantial discount or premium

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

Foreign Currency Notes expose investors to foreign-exchange risk as well as to issuer risk

As purchasers of Foreign Currency Notes, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to the issuer or the type of note being issued.

The Issuer's obligations under Subordinated Notes

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

If no dividend has been declared paid or made on any class of share capital of BIL in the twelve months ending on the day immediately preceding the relevant Interest Payment Date, then BIL may defer the payment of interest on the Junior Subordinated Notes. Such deferral may last until the earliest of (A) the Interest Payment Date immediately following the date upon which a dividend is next declared on any class of share capital of BIL, (B) the date set for redemption in respect of any Junior Subordinated Note or, where all the Junior Subordinated Notes are purchased by the Issuer (other than in the ordinary course of the business of dealing in securities on behalf of third parties), and (C) the date that an order is made or an effective resolution is passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer.

After BIL has fully paid all deferred interest on the issue of Subordinated Notes and if that issue of Junior Subordinated Notes remains outstanding, future interest payments on that issue of Junior Subordinated Notes will be subject to further deferral as described above.

Payments of principal and interest in respect of the Junior Subordinated Notes will be conditional on the Issuer being solvent at the time of payment by the Issuer and no principal or interest shall be due and payable in respect of the Junior Subordinated Notes except to the extent that the Issuer could make such payment in whole or in part, rateably with payments in respect of Junior Subordinated Notes, and still be solvent immediately thereafter.

Any deferral of interest payments will likely have an adverse effect on the market price of the Junior Subordinated Notes. In addition, as a result of the interest deferral provision of the Junior Subordinated Notes, the market price of the Junior Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in BIL's financial condition.

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.

Risks related to the structure of a particular issue of Warrants

Investment in Warrants involves a high degree of risk

Investment in Warrants involves a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of Warrants should recognise that their Warrants, other than any Warrants having a minimum expiration value, may expire worthless. Purchasers should be prepared to sustain a total loss of the purchase price of their Warrants except, if so indicated in the Final Terms for the Warrants, to the extent of any minimum expiration value attributable to such Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See "Certain Factors Affecting the Value and Trading Price of Warrants" below. Prospective purchasers of Warrants should be experienced with respect to options and option transactions, 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 security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference to which the value of the relevant Warrants may relate, as specified in the applicable Final Terms for the Warrants.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis which may be specified in the applicable Final Terms for the Warrants. Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment. With respect to European-style Warrants, the only means through which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Warrants. Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Share Warrants. Fluctuations in the price or yield of the relevant debt instrument or value of the basket of debt instruments will affect the value of Debt Warrants. Fluctuations in the rates of exchange between the relevant currencies will affect the value of Currency Warrants. Also, due to the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for such debt instrument may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument.

Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Commodity Warrants. Purchasers of Warrants risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction.

Certain Factors Affecting the Value and Trading Price of Warrants

The Settlement Amount at any time prior to expiration is typically expected to be less than the trading price of such Warrants at that time. The difference between the trading price and the Settlement Amount will reflect, among other things, the “time value” of the Warrants. The “time value” of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms for the Warrants. Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Warrants varies with the price level of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms for the Warrants, as well as a result of a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrantholders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms for the Warrants, (iii) the time remaining to expiration, (iv) the probable range of Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms for the Warrants and (viii) any related transaction costs.

Limitations on Exercise

If so indicated in the Final Terms for the Warrants, the Issuer will have the option to limit the number of Warrants exercisable on any date (other than the final exercise date) to the maximum number specified in the Final Terms for the Warrants and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all Warrants that such holder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of the Issuer or in any other manner specified in the applicable Final Terms for the Warrants. Unless otherwise specified in the Final Terms for the Warrants, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Minimum Exercise Amount

If so indicated in the Final Terms for the Warrants, a Warrantholder must tender a specified number of Warrants at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Settlement Amount of such Warrants.

Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in a reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference which may be specified in the applicable Final Terms for the Warrants, should recognise the complexities of utilising Warrants in this manner. For example, the value of the Warrants may not exactly correlate with the value of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis

which may be specified in the applicable Final Terms for the Warrants. Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis which may be specified in the applicable Final Terms for the Warrants.

Time Lag after Exercise

In the case of any exercise of Warrants, there may be a time lag between the time a Warrantholder gives instructions to exercise and the time the applicable Settlement Amount relating to such exercise is determined. Such delay could be significantly longer than expected, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a market disruption event (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Warrants. The applicable Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Settlement Amount of the Warrants being exercised and may result in such Settlement Amount being zero.

Certain Additional Risk Factors Associated with Currency Warrants

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Currency Warrants. Furthermore, investors who intend to convert gains or losses from the exercise or sale of Currency Warrants into their home currency may be affected by fluctuations in exchange rates between their home currency and the relevant currency (or basket of currencies). Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency (or basket of currencies), regardless of other market forces. Purchasers of Currency Warrants risk losing their entire investment if exchange rates of the relevant currency (or basket of currencies) do not move in the anticipated direction.

If additional warrants or options relating to particular currencies or currency indices are subsequently issued, the supply of warrants and options relating to such currencies or currency indices, as applicable, in the market will increase, which could cause the price at which the Warrants and such other warrants and options trade in the secondary market to decline significantly.

Risks related to Notes and Warrants generally

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

Modification, waivers and substitution

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.

Basel Capital Requirements Directive

On 17 December, 2009, the Basel Committee on Banking Supervision (the "Basel Committee") proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the resilience of the banking sector". Following the proposals made by the Basel Committee, on 20 July, 2011 the European Commission published the official proposal of CRD 4, implementing into EU legislation the provisions of the Basel III agreement. The proposals made by the Basel Committee and the European Commission will be implemented from 2013 onwards with the result of the Bank being subject to stronger capital requirements. The proposals are as follows:

- (a) Banks must maintain two buffers composed of Common Equity Tier 1, in addition of the minimum regulatory capital under Pillar 1 plus any specific capital add-on required under Pillar 2:
 - A capital conservation buffer of 2.5 per cent.; and
 - A countercyclical capital buffer.
- (b) Banks must calculate own funds requirements for Credit Value Adjustment (CVA) risk for all OTC derivatives both in the banking and in the trading books.

- (c) From 1 January, 2013, banks will have to calculate, to disclose and to report to regulators, a leverage ratio. The leverage ratio will also be an indicator for the regulatory assessment of the leverage risk in the framework of Pillar 2. From 1 January, 2013 to 30 June, 2016, the European Banking Authority will conduct a detailed impact study assessing the adequacy of imposing a binding leverage ratio in the Pillar 1, or else to keep it as a Pillar 2 monitoring tool.
- (d) The phasing out of hybrid capital instruments as Tier 1 capital and the requirement that the pre-dominant form of Tier 1 capital must be common shares and retained earnings; and
- (e) The imposition of global minimum liquidity standards that include a requirement to hold a stock of unencumbered high quality liquid assets sufficient to cover cumulative net cash outflows over a 30-day period under a prescribed stress scenario.

Since 1 January 2008, the Bank has used the Advanced Internal Rating Based Approach (“AIRBA”) for calculating its capital requirements and its solvency ratios. The Bank will continue to use ARIBA after the closing of the transaction between Dexia, Precision Capital and the State of the Grand Duchy of Luxembourg as referred to above.

Reforms suggested by January 2011 Press Release of Basel Committee

The Basel Committee has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks, the principal elements of which are set out in its papers released on 16 December, 2010 and on 13 January, 2011 (the “January 2011 Press Release”).

The January 2011 Press Release states that the terms and conditions of all Additional Tier 1 and Tier 2 instruments must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into ordinary shares upon the occurrence of a specified trigger event (a “Non-Viability Event”). The Non-Viability Event will be the earlier of (a) a decision that a write-off, without which the firm would become non-viable, is necessary; and (b) the decision to make a public sector injection of capital, without which the financial institution would become non-viable, as determined by the relevant authority.

However, the January 2011 Press Release also states that it is not necessary to include a provision in the terms of the Notes which requires them to be converted into equity or written off on the occurrence of a Non-Viability Event in the contractual terms of the instruments if (a) the governing jurisdiction of the bank has in place laws that (i) require such instruments to be written off upon the occurrence of such trigger event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss; (b) a peer group review confirms that the jurisdiction so conforms; and (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to such loss.

Although the terms and conditions of the Subordinated Notes do not contain a provision which requires them to be converted into equity or written off on the occurrence of a Non-Viability Event, it is possible that there could be amendments to the existing Luxembourg laws and regulations on the financial sector, including, without limitation, the law of 5 April 1993 on the financial sector, as amended, and implementing CSSF circulars, or further legislation passed that could result in such Subordinated Notes absorbing losses in the course of any such resolution. The application of any such legislation may have an adverse effect on the position of holders of Subordinated Notes.

Furthermore, there can be no assurance that, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above. Further, the European Union and/or other relevant authorities may implement the package of reforms, including the terms which capital securities are required to have, in a manner that is different from that which is currently envisaged or may impose more onerous requirements on banks.

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.

European Monetary Union

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes and/or Warrants, there is no assurance that this would not adversely affect investors in the Notes and/or Warrants. It is possible that prior to the maturity of the Notes and/or Warrants the United Kingdom may become a participating Member State and that the Euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes and/or Warrants denominated in Sterling may become payable in Euro (ii) the law may allow or require such Notes and/or Warrants to be re-denominated into Euro and additional measures to be taken in respect of such Notes and/or Warrants; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes and/or Warrants or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the Euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes and/or Warrants.

EU Savings Directive

Under EC Council Directive 2003/48/EC on taxation of savings income (the “EU Savings Directive”), Member States are required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or to certain other persons established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments subject to a procedure whereby on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

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

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Change of law

The General Conditions of the Book-Entry Warrants are, and 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. Foreign Account Tax Compliance Withholding

The Bank and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December, 2016 in respect of (i) any Notes issued or materially modified on or after 1 January, 2013 (and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued) pursuant to the foreign account provisions (“FATCA”) of the Hiring Incentives to Restore Employment Act of 2010. This withholding tax may be triggered if (i) the Bank is a foreign financial institution (“FFI”) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (“IRS”) to provide certain information on its account holders (making the Issuer a “Participating FFI”), (ii) the Bank has a positive “passthru percentage” (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI through which payment on such Notes is made is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Bank, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of the Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

The application of FATCA to Notes issued or materially modified on or after 1 January 2013 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in a supplement to this Prospectus, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE BANK, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISOR TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

Risks related to the market generally

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

The secondary market generally

Notes and/or Warrants may have no established trading market when issued, and one may never develop. If a market does develop, it may not be 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. Illiquidity may have a severely adverse effect on the market value of Notes and/or Warrants.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified 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 Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified 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 Specified Currency would decrease (1) the equivalent yield on the Notes in the Investor's Currency, (2) the equivalent value of the principal payable on the Notes in the Investor's Currency and (3) the equivalent market value of the Notes 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. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. 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. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to 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.

GENERAL DESCRIPTION OF THE PROGRAMME

The Programme is a EUR 10,000,000,000 Euro Medium Term Note and Warrant Programme under which the Issuer may from time to time issue Euro Medium Term Notes and Warrants in accordance with and subject to all applicable laws and regulations and denominated in Euro or such other currencies or currency units as may be set forth in the relevant Final Terms, or Final Terms for the Warrants. The applicable terms of any Notes or Warrants will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes or Warrants and will be set out in the relevant terms and conditions of the Notes or Warrants endorsed on, or attached to, or incorporated by reference into, the Notes or Warrants, as modified and supplemented by the applicable Final Terms or Final Terms for the Warrants attached to, or endorsed on, such Notes or Warrants.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited consolidated annual accounts of the Issuer for the years ended 31 December, 2010 (English version), and 31 December, 2011 (French version), 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 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).

The balance sheet, income statements, cash flow statements, accounting policies, notes and auditors' reports of the Issuer are set out on the following pages of the annual reports of the Issuer:

	Annual Report 2010	Annual Report 2011
Non-consolidated Balance Sheet	134	138
Non-consolidated Statement of Income	136	140
Consolidated Balance Sheet	30	32
Consolidated Statement of Income	32	34
Consolidated Cash Flow Statements	37	39
Notes to the Non-consolidated Accounts	141	145
Notes to the Consolidated Accounts	38	40
Auditors' Reports for the Non-consolidated Accounts	133	137
Auditors' Report for the Consolidated Accounts	29	31

Information contained in the documents incorporated by reference other than information listed in the table above is for information purposes only.

PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a supplement to the Prospectus pursuant to Article 13 of the Luxembourg Act dated 10 July, 2005 relating to the prospectuses for securities, the Issuer will prepare and make available an appropriate supplement to this 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 Luxembourg Act dated 10 July, 2005 relating to prospectuses for securities.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes or Warrants and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes or Warrants, the Issuer shall prepare a supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes or the Warrants and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

TERMS AND CONDITIONS OF THE SENIOR NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, 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) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non- applicable provisions), 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 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 21 May, 2012 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 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.

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.

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.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid 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. 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 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 7(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 6(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 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of 7 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 (including deposits).

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. However, this undertaking shall not include any liabilities, indebtedness, guarantee or depreciation of the Issuer's assets in relation with any issues made by the Issuer's subsidiary, Dexia LdG Banque S.A., in the form of covered bonds or similar instruments.

(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

(a) *Interest on Fixed Rate Notes:*

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. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes:*

(i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest 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 5(h). 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 hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply depending upon which is specified hereon:

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon 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 hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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 hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (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 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, 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
- (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, 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 Trustee and 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).

(iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an index or formula as specified hereon.

(c) *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 6(b)(i)).

(d) *Dual Currency Notes:*

In the case of Dual Currency Notes, if the rate or amount of interest is to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *Partly-Paid Notes:*

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 hereon.

(f) *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 8).

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

(i) If any Margin is specified hereon (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, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount 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.

(h) *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 hereon, 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 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.

- (i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment 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 or Instalment 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, Optional Redemption Amount or any Instalment 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 10, 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.

- (j) *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 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 hereon, 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 hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;

- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, 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:

“Y¹” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M²” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

“D²” 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 D¹ is greater than 29, in which case D² will be 30.

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, 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:

“Y¹” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M²” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

“D²” 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 D² will be 30.

- (vi) if “30E/360 (ISDA)” is specified hereon, 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:

“Y¹” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M²” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

- (vii) if “Actual/Actual-ICMA” is specified hereon, (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 hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon 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 hereon.

“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 hereon.

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Number of Actual Calculation Periods” means, in relation to Day Count Fraction above, the number of Actual Calculation Periods normally ending in any year.

“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 hereon.

“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 hereon.

“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.

(k) *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 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.

6. Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption:*

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment 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 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (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 6(c) or upon it becoming due and payable as provided in Condition 10 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 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount together (if applicable) with interest accrued to, but excluding, the date fixed for redemption unless otherwise specified hereon.

(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 either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither 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 14 (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(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 8 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 hereon (the details of which will be specified in the relevant 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 14 (or such other notice period as may be specified hereon) 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 hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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 hereon, 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 hereon) 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 Receipts and 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) *Partly-Paid Notes:*

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

(g) *Purchases:*

In addition to Notes, Receipts 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 Receipts and 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 11 (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 Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith) and accordingly may not be reissued or resold.

7. 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 relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is

presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), 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 (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) 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 (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) 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) *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 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 8. 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(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, (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed and (vii) to the extent not satisfied by (v) or (vi) above, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Union Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. 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 14.

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 Receipts 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, 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 9).
- (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) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) 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.
- (vi) 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 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 9).

(h) *Non-Business Days:*

If any date for payment in respect of any Note, Receipt 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 (h), "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.

8. 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;
- (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;
- (c) *Payment to individuals and residual entities:*
where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) *Payment by another Paying Agent:*
(except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

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 6 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.

9. 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.

10. 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 7 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 11(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).

11. 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 Euronext Paris, notice of the date, time, place and agenda of such meeting will be published as provided under Condition 14. 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 Notes by the terms of the relevant Final Terms 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.

(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 dissolution (*dissolution*) or liquidation (*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 deed poll (the "Deed Poll"), to be substantially in the form scheduled to the Agency Agreement as Schedule 10A 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) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above as to the fulfilment of the preceding conditions of this Condition 11(c) and the other matters specified in the Deed Poll; (vi) the substitution does not affect adversely the rating of the Notes assigned by any two of Moody’s Investors Service Ltd., Standard & Poor’s Rating Group or Fitch Ratings Limited or, if any such rating agency does not at such time provide a rating in respect of the Notes, any two internationally recognised rating agencies 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 14, 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 10 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 10 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 10 of the Notes relating to the Guarantor (except that references in Condition 10(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 6(f) and (9) 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 11.

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 must be published as provided under Condition 14. 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 (except in respect of certain matters, including a change in the nationality of the Issuer, where unanimous consent is required) 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^{2/3} per cent. of the votes cast by Noteholders attending such meetings or represented thereat.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms 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.

(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 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 dissolution (*dissolution*) or liquidation (*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 written undertaking (the "Undertaking"), to be substantially in the form scheduled to the Agency Agreement as Schedule 10B 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 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 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, Talons and Deed of Covenant 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) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above as to the fulfilment of the preceding conditions of this Condition 11(c) and the other matters specified in the Undertaking; (vi) the substitution does not affect adversely the rating of the Notes by any two of Moody's Investors Service Ltd., Standard & Poor's Rating Group or Fitch Ratings Limited or, if any such rating agency does not at such time provide a rating in respect of the Notes, any two internationally recognised rating agencies; 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 14, 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 10 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 10 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 10 of the Notes relating to the Guarantor (except that references in Condition 10(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 6(f) and (9) and (c) and a negative pledge in relation to the Guarantee in the form of Condition 4.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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 86 to 94-8 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 Dexia Management Services Limited, at Shackleton House, Hay's Galleria, 4 Battle Bridge Lane, London SE1 2RB 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). If for any reason such process agent ceases to be able 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 14. 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:

(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, Luxembourg law.

(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, 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:

17. 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.

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 and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, 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) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), 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 9 November, 1995 as amended and restated on 21 May, 2012 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 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.

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.

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, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly-Paid 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. 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 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 (if any) 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 6(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 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 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 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 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 5(e), (iii) after any such Note has been called for redemption or (iv) during the period of 7 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 of Senior Subordinated Notes:*

Notes in respect of which the status is specified hereon as “Senior Subordinated” (“Senior Subordinated Notes”) and the Receipts 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 payment obligations of the Issuer under the Senior Subordinated Notes and the Receipts and Coupons relating to them shall at all times rank equally with all other Senior Subordinated Obligations (as defined below).

Senior Subordinated Notes that constitute Lower Tier II Capital will have a minimum maturity of five years.

(b) *Subordination of Senior Subordinated Notes:*

In the event of the winding up of the Issuer, the rights of the holders of Senior Subordinated Notes and the Receipts and Coupons relating to them shall rank ahead of:

- (i) those persons whose claims are in respect of any class of equity (including preference shares) of the Issuer; and
- (ii) creditors whose claims are in respect of any obligations of the Issuer that rank or are expressed to rank (whether only in the winding up of the Issuer or otherwise) junior to Senior Subordinated Obligations,

but shall be subordinated to the claims of:

- (iii) all Senior Creditors.

(c) *Status of Junior Subordinated Notes:*

Notes in respect of which the status is specified hereon as “Junior Subordinated” (“Junior Subordinated Notes”) and the Receipts 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 payment obligations of the Issuer under the Junior Subordinated Notes and the Receipts and Coupons relating to them shall at all times rank equally with all other Junior Subordinated Obligations (as defined below).

Junior Subordinated Notes that have a scheduled maturity date and constitute Upper Tier II Capital will have a minimum maturity of five years or may be undated.

(d) *Subordination of Junior Subordinated Notes:*

The rights of the holders of Junior Subordinated Notes and the Receipts and Coupons relating to them shall rank ahead of:

- (i) those persons whose claims are in respect of any class of equity (including preference shares) of the Issuer; and
- (ii) creditors whose claims are in respect of any obligations that rank or are expressed to rank junior to any Junior Subordinated Obligations or the claims of holders of such Notes, Receipts and Coupons,

but shall be subordinated to the claims of:

- (iii) all other creditors of the Issuer whose claims do not rank or are not expressed to rank *pari passu* with the claims of the holders of Junior Subordinated Notes and are not referred to in paragraph (d) (including creditors whose claims are in respect of Senior Subordinated Obligations);

and payments of principal and interest in respect of the Junior Subordinated Notes will be conditional on the Issuer being solvent at the time of payment by the Issuer and no principal or interest shall be due and payable in respect of the Junior Subordinated Notes except to the extent that the Issuer could make such payment in whole or in part, rateably with payments in respect of Junior Subordinated Notes, and still be solvent immediately thereafter. For the purpose of this paragraph the Issuer shall be solvent if (i) it is able to pay its debts as they fall due, (ii) its Assets exceed its Liabilities, other than its Liabilities to persons who are not Prior Ranking Creditors (in each case as defined below), (iii) the Issuer's Eligible Own Funds are at least equal to the amount of the Issuer's Overall Capital Requirements (in each case as defined below) and (iv) the Issuer's Eligible Own Funds are at least equal to the minimum amount set out in Article 8 of the Law of 5 April, 1993 on the financial sector, as amended. A report as to the solvency of the Issuer by two directors of the Issuer or (if the Issuer is in winding-up) its liquidator shall in the absence of proven error be treated and accepted by the Issuer and the holders of Junior Subordinated Notes and the Receipts and Coupons relating to them as correct and sufficient evidence thereof.

(e) *Defined Terms:*

In this Condition:

"Assets" means the total assets of the Issuer and "Liabilities" means the total liabilities of the Issuer (excluding for the avoidance of doubt, any capital, reserves, profits for the relevant financial year, profits brought forward or funds for general banking risks) each as shown by the latest published non-consolidated audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events, valued in such manner as such directors or liquidator (as the case may be) referred to above may determine consistent with generally accepted accounting principles;

"Circular" means Circular No. 06/273 entitled "The definition of capital adequacy ratios pursuant to Article 56 of the Law of 5 April, 1993 on the financial sector (application to credit institutions)" issued by the *Commission de Surveillance du Secteur Financier* (the "CSSF");

"Eligible Own Funds" shall have the meaning given thereto in, and be calculated in accordance with, the Circular;

"Junior Subordinated Obligations" means claims of creditors of the Issuer which are subordinated so as to rank or are expressed to rank *pari passu* with the claims of the holders of Junior Subordinated Notes and the Receipts and Coupons relating to them;

"Overall Capital Requirements" shall have the meaning given thereto in, and be calculated in accordance with, the Circular;

"Prior Ranking Creditors" means all creditors of the Issuer other than the creditors whose claims are referred to in paragraph (d)(2) above and creditors whose claims rank or are expressed to rank *pari passu* with the claims of holders of the Junior Subordinated Notes and the Receipts and Coupons relating to them and for the avoidance of doubt, other than all persons whose claims are referred to in paragraph (d)(1) above;

"Senior Creditors" means all creditors of the Issuer who are depositors or other general, unsubordinated creditors; and

"Senior Subordinated Obligations" means all indebtedness and monetary obligations of the Issuer present and future that rank or are expressed to rank junior in right of payment (whether only in the event of the winding up of the Issuer or otherwise) to the claims of Senior Creditors

but that are not subordinated so as to rank in point of subordination junior to any other obligations of the Issuer.

If the Issuer would not otherwise be solvent for the purposes of this paragraph, the amount of the principal and sums which would otherwise be payable as interest on the Junior Subordinated Notes will be available to meet any losses of the Issuer.

4. Interest and Other Calculations

(a) *Rate of Interest and Accrual on Senior Subordinated Notes and Optional and Compulsory Payment of Interest on Junior Subordinated Notes:*

(i) Each Senior Subordinated 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 calculated in accordance with Condition 4(h).

(ii) Each Junior Subordinated 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. Interest on Junior Subordinated Notes shall (subject to Condition 3(d)) be payable on each Compulsory Interest Payment Date in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date. On any Optional Interest Payment Date there may be paid (if the Issuer so elects but subject to Condition 3(d)) the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. The Issuer shall notify the Noteholders five business days prior to each Interest Payment Date of the result of such election.

(iii) Without prejudice to Condition 9(b), any interest not paid on an Interest Payment Date relating to a Junior Subordinated Note shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest may at the option of the Issuer be paid in whole or in part at any time after the expiry of and after not less than seven days' notice to such effect given by the Issuer to the Noteholders in accordance with Condition 13 below provided that all accrued Additional Interest as defined below on such Arrears of Interest is paid. All Arrears of Interest on all Junior Subordinated Notes outstanding shall (subject to Condition 3(d)) become due in full on whichever is the earliest of (A) the Interest Payment Date immediately following the date upon which a dividend is next declared on any class of share capital of the relevant Issuer, (B) the date set for redemption in respect of any Junior Subordinated Note pursuant to Condition 5 or, where all the Junior Subordinated Notes are purchased by the Issuer (other than in the ordinary course of the business of dealing in securities on behalf of third parties) pursuant to Condition 5(g), and (C) the date that an order is made or an effective resolution is passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer.

if notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged (subject to Condition 3(d)) to do so on the expiry of such notice.

Where Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full.

In these Conditions:

"Compulsory Interest Payment Date" means if, in the twelve months ending on the day immediately preceding an Interest Payment Date, any dividend has been declared on any class of share capital of the Issuer, that Interest Payment Date; and

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date.

(iv) Arrears of Interest shall bear interest ("Additional Interest") at the Rate of Interest plus an additional rate of 1.5 per cent. per annum which shall be calculated in accordance with

paragraph (f) below and accrue on a daily basis, for each successive period of twelve calendar months (“Additional Interest Period”) from and including the first Interest Payment Date on which such Arrears of Interest may or should have been paid and ending on the day immediately preceding the last date of the Additional Interest Period. The Issuer can elect to pay any Additional Interest on the date that any Arrears of Interest are to be paid by the Issuer pursuant to these Conditions but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. All Additional Interest which is not paid on any Interest Payment Date at the end of each Additional Interest Period, shall become Arrears of Interest and bear interest accordingly.

- (v) Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

- (b) *Interest on Floating Rate Notes and Index Linked Interest Notes:*

- (i) *Interest Payment Dates:*

Each Floating Rate Note and Index Linked Interest 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(h). 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 hereon:

- (A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon 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 hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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 hereon 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 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, 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
- (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, 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 Trustee and 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).

(iv) *Rate of Interest for Index Linked Interest Notes:*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) *Zero Coupon Senior Subordinated Notes:*

Where a Senior Subordinated 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 Senior Subordinated Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Senior Subordinated Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(c)).

(d) *Dual Currency Notes:*

In the case of Dual Currency Notes, if the rate or amount of interest is to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *Partly-Paid Notes:*

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 hereon.

(f) *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).

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

- (i) If any Margin is specified hereon (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, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount 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.

(h) *Calculations:*

The amount of interest payable per Calculation Amount (subject to Condition 3(b) and (d)) 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 hereon, 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.

(i) *Determination and Publication of Rates of Interest, Interest Amounts and, in the case of Senior Subordinated Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment 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, (in the case of Senior Subordinated Notes) calculate the Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amount or Instalment 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, Optional Redemption Amount or any Instalment 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(b), 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.

(j) *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 hereon, 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 hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, 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:

"Y¹" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y²" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M¹" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M²" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"D²" 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 D¹ is greater than 29, in which case D² will be 30.

- (v) if "30E/360" or "Eurobond Basis" is specified hereon, 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:

"Y¹" is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M²” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

“D²” 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 D² will be 30

- (vi) if “30E/360 (ISDA)” is specified hereon, 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:

“Y¹” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M²” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

“D²” 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 D² will be 30

- (vii) if “Actual/Actual-ICMA” is specified hereon, (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.

“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 hereon, shall mean the Fixed Coupon Amount or Broken Amount, specified hereon 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 hereon.

“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 hereon.

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Number of Actual Calculation Periods” means, in relation to Day Count Fraction above, the number of Actual Calculation Periods normally ending in any year.

“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 hereon.

“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 hereon.

“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.

(k) *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 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.

5. Redemption, Purchase and Options

(a) *Redemption of Senior Subordinated Notes:*

- (i) Unless previously redeemed (with the consent of the CSSF), purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's option in accordance with Condition 5(e) or (g), each Senior Subordinated Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Senior Subordinated Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Senior Subordinated Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed (with the consent of the CSSF), purchased and cancelled as provided in this Condition 5 or its maturity is extended pursuant to any Issuer's option in accordance with Condition 5(e) or (g), each Senior Subordinated Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Senior Subordinated Note falling within paragraph (i) above, its final Instalment Amount.

(b) *Redemption of Junior Subordinated Notes:*

Subject to Condition 3(d), the Issuer will redeem all of the Junior Subordinated Notes that have a Maturity Date specified hereon ("Dated Junior Subordinated Notes") at their Final Redemption Amount (together with all Arrears of Interest and all accrued Additional Interest, if any and interest if any accrued to, but excluding, the date fixed for redemption) on such Maturity Date provided that the CSSF has consented to such redemption on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 13. The Issuer undertakes to seek the consent of the CSSF to redeem all of the Junior Subordinated Notes (or as many of the Junior Subordinated Notes as the CSSF will consent to) not less than 40 days prior to the Maturity Date. If the CSSF consents to the redemption of some (but not all) of the Junior Subordinated Notes on the Maturity Date, the Issuer will redeem the Junior Subordinated Notes to the extent permitted by the CSSF at their Final Redemption Amount (together with all Arrears of Interest and all accrued Additional Interest, if any). The Junior Subordinated Notes to be redeemed will be drawn by lot in accordance with Condition 5(e).

If the CSSF does not consent to the redemption of all of the Junior Subordinated Notes on the Maturity Date (or any following Interest Payment Date) the Junior Subordinated Notes not so redeemed shall be redeemed, subject as set out below, at their Final Redemption Amount (together with all Arrears of Interest and all accrued Additional Interest, if any and interest if any accrued to, but excluding, the date fixed for redemption) on the next following Interest Payment Date (each such Interest Payment Date being a "New Maturity Date"). If the CSSF does not consent to the redemption of any of the Junior Subordinated Notes on the Maturity Date or any following Interest Payment Date, the Issuer shall give notice to the Noteholders to be published in accordance with Condition 13 and for so long as the Junior Subordinated Notes are listed on the Official List of the Luxembourg Stock Exchange, the Luxembourg Stock Exchange, at least 30 days before the Maturity Date or the New Maturity Date, as the case may be, that redemption will not take place on that date in respect of the Junior Subordinated Notes not permitted to be redeemed.

Until such time as the Issuer has obtained the consent of the CSSF to redeem all Junior Subordinated Notes, the Issuer undertakes not less than 40 days prior to each New Maturity Date to

seek the consent of the CSSF to redeem all Junior Subordinated Notes in respect of which consent for redemption from the CSSF has not been obtained. The Issuer will, subject to Condition 3(d), redeem all the Junior Subordinated Notes permitted to be redeemed by the CSSF on the next New Maturity Date after such consent has been received at their Final Redemption Amount together with all Arrears of Interest and all accrued Additional Interest, if any). If some only of the Junior Subordinated Notes are permitted to be redeemed on a New Maturity Date, the Junior Subordinated Notes to be redeemed will be drawn by lot in accordance with Condition 5(e).

Junior Subordinated Notes that do not have a Maturity Date specified hereon are undated and accordingly have no final maturity date and are only redeemable or repayable in accordance with the following provisions of this Condition 5 or Condition 9 and, in the case of Condition 5 only, with the prior approval of the CSSF:

(c) *Early Redemption of Zero Coupon Senior Subordinated Notes:*

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Senior Subordinated Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Senior Subordinated Note pursuant to Condition 5(d) with the prior consent of the CSSF or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Senior Subordinated Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Senior Subordinated Note shall be the scheduled Final Redemption Amount of such Senior Subordinated 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 Senior Subordinated 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 Senior Subordinated Note upon its redemption pursuant to Condition 5(c) 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 Senior Subordinated Note shall be the Amortised Face Amount of such Senior Subordinated Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Senior Subordinated 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 (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.

(d) *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 CSSF), on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked 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 (as described in Condition 5(c) above) (together with all Arrears of Interest, Accrued Additional Interest and interest accrued to the date fixed for redemption), if (i) the Issuer has or would become obliged to pay additional amounts as provided or referred to in Condition 7 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 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.

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

If Call Option is specified hereon (the details of which will be specified in the relevant Final Terms), the Issuer may with the consent of the CSSF, 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 hereon) 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 all Arrears of Interest, accrued Additional Interest and 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 hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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.

(f) *Partly-Paid Notes:*

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

(g) *Purchases:*

In addition to Notes, Receipts 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 CSSF at any time purchase Notes (provided that all unmatured Receipts and 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, 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.

(h) *Cancellation:*

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

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 relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(vi)), 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 (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) 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 (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) 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 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. 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, (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed and (vii) to the extent not satisfied by (v) or (vi) above, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000. 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 Receipts 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) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) 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.
- (vi) 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 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, Receipt 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 principal and interest in respect of the Notes, the Receipts and the 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, 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;

- (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;

- (c) *Payment to individuals and residual entities:*

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (d) *Payment by another Paying Agent:*

(except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

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, 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, 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.

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 (and Arrears of Interest and Additional Interest in the case of Junior Subordinated Notes) to the date of payment shall become immediately due and payable if an order is made or an effective resolution is passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer.

(b) *Non-Payment:*

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 a Compulsory Interest Payment Date in the case of Junior Subordinated Notes, or after an Interest Payment Date in the case of Senior Subordinated Notes, for the payment of interest due in respect of any of the Notes on such Compulsory Interest Payment Date or Interest Payment Date, as the case may be, any Noteholder may ask the relevant authorities to institute proceedings in Luxembourg (but not elsewhere) in accordance with Part IV of the law of 5 April, 1993 concerning the financial sector (*loi du 5 avril 1993 relative au secteur financier*) for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer.

Although the relevant authorities may take into account a request from a Noteholder to institute proceedings in Luxembourg for the dissolution or 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 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 dissolution or liquidation of the Issuer.

(c) *Breach of 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 but the institution of such proceedings shall not have the effect that the Issuer shall be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(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 dissolution or 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.

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 must be published as provided in Condition 13. 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 (except in respect of certain matters, including a change in the nationality of the Issuer, where unanimous consent is required) 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.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Final Terms 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.

(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 CSSF is obtained, 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 dissolution (*dissolution*) or liquidation (*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 8 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 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 Undertaking, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed on a subordinated basis 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, Receipts, Talons and Deed of Covenant, 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) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above as to the fulfilment of the preceding conditions of this Condition 10(c) and the other matters specified in the Undertaking; (vi) the substitution does not affect adversely the rating of the Notes by any two of Moody's Investors Service Ltd., Standard & Poor's Rating Group or Fitch Ratings Limited or, if any such rating agency does not at such time provide a rating in respect of the Notes, any two internationally recognised rating agencies 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 events listed in Condition 9 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 rights of enforcement and clauses relating to the Guarantor in the form of Conditions 5(f) and (g).

11. 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.

12. Further Issues

Subject to the prior consent of the CSSF, 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) 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.

14. 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.

15. Governing Law and Jurisdiction

(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, 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, 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.

GENERAL CONDITIONS OF THE BOOK-ENTRY WARRANTS

The following is the text of the General Conditions of the Book-entry Warrants that, subject to completion and amendment and as supplemented or varied in accordance with the Terms set out in the relevant Final Terms for the Warrants, shall be applicable to the Book-entry Warrants. All capitalised terms that are not defined in these General Conditions will have the meanings given to them in the relevant Final Terms for the Warrants. Those definitions will be included in the Terms, which shall be endorsed on the Global Warrant. References in these Conditions to “Warrants” are to the Book-entry Warrants of one Series only, not to all Book-entry Warrants that may be issued under the Programme.

The Warrants are subject to these General Conditions, as modified and/or supplemented by the terms of the Warrants (the “Terms”) set out in the Global Warrant or Global Warrants (each a “Global Warrant”) by which they are represented. The form of the Global Warrant is set out in Schedule 3 Part A to the Agency Agreement relating to the Programme of the Issuer for the issue of Euro Medium Term Notes and Warrants (as further amended or supplemented as at the Issue Date) (the “Agency Agreement”) dated 9 November, 1995 as amended and restated on 21 May, 2012 between the Issuer and the other agents named in it. Copies of the form of Global Warrant and the Agency Agreement will be available for inspection at the specified office of the Issuer. The Warrantholders (as defined below) are bound by and are deemed to have notice of all the provisions of the Agency Agreement and the relevant Global Warrant. 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 Transfer

(a) Form

The Warrants will at all times be represented by a single Global Warrant (save in the case of an issue of further Warrants pursuant to Condition 10, which further Warrants shall be represented by a further Global Warrant), which will be deposited with a common depositary for Euroclear Bank S.A./N.V., (“Euroclear”) and Clearstream banking, société anonyme (“Clearstream, Luxembourg”) Warrants in definitive form will not be issued.

(b) Title

The persons for the time being appearing in the books of Euroclear or Clearstream, Luxembourg as holding Warrants shall be treated as holders of the Warrants (the “Warrantholders”) and no person shall be liable for so treating such holders.

(c) Transactions

Transfers and exercise of Warrants may only be effected through Euroclear or Clearstream, Luxembourg. Title will pass upon registration of the transfer in the books of Euroclear or Clearstream, Luxembourg, as the case may be.

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.

3. Exercise Rights

(a) Exercise Period—American Style Warrants

Warrants designated in the relevant Terms as “American Style” are exercisable on any Business Day during the period from, but excluding, the Issue Date to and including the Final Exercise Date (such period, the “Exercise Period”) subject to prior termination of the Warrants as provided in Condition 5.

(b) Exercise Period—European Style Warrants

Warrants designated in the relevant Terms as “European Style” 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.

(c) *Entitlement*

The rights attaching to each Warrant on exercise (including any provisions relating to adjustments, market disruption and certain other matters) will be as set out in the relevant Terms.

(d) *Failure to Exercise*

Any Warrant with respect to which no Exercise Notice has been delivered to Euroclear or Clearstream, Luxembourg, as the case may be, and copied to the Issuer, in the manner set out in Condition 4, at or prior to 10.00 a.m. (Brussels or Luxembourg time, as the case may be) on the relevant Final Exercise Date shall become void.

4. Exercise Procedure

(a) *Exercise Notice*

Warrants may be exercised by delivery of a duly completed exercise notice in writing, or by tested telex confirmed in writing, in the form (with such amendments as the Issuer may specify) set out in the Agency Agreement (copies of which may be obtained from Euroclear, Clearstream, Luxembourg or the Issuer) (an "Exercise Notice") to Euroclear or Clearstream, Luxembourg, as the case may be, with, as a further precondition to exercise, a copy to the Issuer at its specified office, in each case (1) (in the case of American Style Warrants) not later than 10.00 a.m. (Brussels or Luxembourg time, respectively) 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. (Brussels or Luxembourg time, respectively) on the Exercisable Business Day immediately preceding the relevant Exercise Date but not later than 10.00 a.m. (Brussels or Luxembourg time, respectively) on the relevant Exercise Date:

- (i) specifying the number of Warrants being exercised;
- (ii) specifying the number of the Warranthead's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Warrants being exercised;
- (iii) irrevocably instructing Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the account of the relevant holder with the Warrants being exercised and to credit the account of the Issuer;
- (iv) 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 Warranthead and an authorisation to the Issuer to deduct any such taxes or duties from the Settlement Amount or any other amount payable by the Issuer to the Warranthead in connection with the exercise of such Warrants;
- (v) specifying the name and the number of the Warranthead's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with the Settlement Amount or any other amount payable by the Issuer to the Warranthead in connection with the exercise of such Warrants;
- (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) *Verification of the Warranthead*

Upon receipt of an Exercise Notice, the Issuer shall request Euroclear or Clearstream, Luxembourg, as the case may be, to verify that the person exercising the Warrants specified therein was, as at 10.00 a.m. (Brussels or Luxembourg time, as the case may be) on the Exercise Date, the holder thereof according to the books of Euroclear or Clearstream, Luxembourg, as the case may be. If Euroclear or Clearstream, Luxembourg, as the case may be, is unable so to verify, such Exercise Notice shall be deemed not to have been given. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Settlement Date debit the Warrants being exercised from the account of the Warranthead specified in the Exercise Notice (but without prejudice to the accrued rights of the relevant Warranthead).

(c) *Settlement*

The issuer shall, for each Warrant being exercised, on the Settlement Date transfer or procure the transfer of the Settlement Amount, or any other cash payment due in respect of each Warrant in accordance with the relevant Terms, less any taxes or duties which the Issuer is authorised to deduct under the Exercise Notice, to the Warrantheader's account as specified in the relevant Exercise Notice, for value on the Settlement Date.

(d) *Determination*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Issuer and shall be conclusive and binding on the Issuer, the Calculation Agent (if any) and the Warrantheader. Any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Issuer immediately after being sent to Euroclear or Clearstream, Luxembourg, as the case may be, 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 shall constitute an irrevocable election and undertaking by the relevant Warrantheader to exercise the Warrants specified therein in the manner specified therein. After delivery of such Exercise Notice, such exercising Warrantheader may not otherwise transfer such Warrants. Notwithstanding this, if any Warrantheader does so transfer or attempts so to transfer such Warrants, the Warrantheader will be liable to the Issuer for any loss, costs and expenses suffered or incurred by the Issuer or any of its affiliates through whom it has hedged its position, including those suffered or incurred as a consequence of the Issuer or any of its affiliates through whom it has hedged its position having terminated or commenced 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. Illegality

The Issuer shall have the right to terminate the Warrants, by giving notice to the Warrantheaders 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 Warrantheader in respect of each such Warrant held by it an amount 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). Payment will be made to Euroclear or Clearstream, Luxembourg, as the case may be, in such manner as shall be notified to the Warrantheaders in accordance with the procedure set out in Condition 11.

6. 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.

7. 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.

8. 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 Warranholders 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 Warranholder or group of Warranholders 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 Warranholder or group of Warranholders 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.

9. 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 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 Warranholders in accordance with the procedures set out in Condition 11. 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 Warranholders.

(b) Amendments to Agency Agreement

The Agency Agreement may be amended by the parties thereto without the consent of the Warranholders if, in the opinion of such parties, the amendment will not materially and adversely affect the interests of the Warranholders.

(c) Calculation Agent

All calculation functions required of the Calculation Agent under these Conditions and any Global Warrant may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

(d) 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 Warranholders.

10. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Warranholders to create and issue further Warrants so as to form a single series with the Warrants.

11. Notices

All notices to Warranholders will be valid if delivered to Euroclear and Clearstream, Luxembourg for communication by them to entitled account holders and, so long as the Warrants are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, if published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or as otherwise required by the rules of that exchange. Any such notice shall be deemed to have been given on the date of such delivery and publication or, if so delivered and published more than once or on different dates, on the date of the first such delivery and publication.

12. 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.

13. Governing Law and Jurisdiction

(a) Governing Law:

The Global 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 England.

(b) Jurisdiction:

The Courts of England 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 England 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.

The Issuer has appointed Dexia Management Services Limited, at Shackleton House, Hay's Galleria, 4 Battle Bridge Lane, London SE1 2RB as its agent in England to receive service of process in any Proceedings in England based on any of the Warrants. If for any reason such process agent ceases to act as such or no longer has an address in England, the Issuer agrees to appoint a substitute process agent and to notify Warranholders of such appointment.

14. Contracts (Rights of Third Parties) Act 1999

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

GENERAL CONDITIONS OF THE BEARER WARRANTS

The following is the text of the General Conditions of the Bearer Warrants that, subject to completion and amendment and as supplemented or varied in accordance with the Terms set out in the relevant Final Terms for the Warrants, shall be applicable to the Bearer Warrants. Either (i) the full text of these General Conditions together with the relevant provisions of the Final Terms for the Warrants or (ii) these General Conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Definitive Warrants. All capitalised terms that are not defined in these General Conditions will have the meanings given to them in the relevant Final Terms for the Warrants. Those definitions will be included in the Terms, which shall be endorsed on the Bearer Warrants. References in these Conditions to “Warrants” are to the Bearer Warrants of one Series only, not to all Bearer Warrants that may be issued under the Programme.

The Warrants are subject to these General Conditions, as modified and/or supplemented by the terms of the Warrants (the “Terms”) endorsed hereon. The Warrants are issued under the Programme of the Issuer for the issue of Euro Medium Term Notes and Warrants. 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, “Warrantholder” 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.

3. Exercise Rights

(a) Exercise Period—American Style Warrants

Warrants designated in the relevant Terms as “American Style” are exercisable on any Business Day during the period from, but excluding, the Issue Date to and including the Final Exercise Date (such period, the “Exercise Period”) subject to prior termination of the Warrants as provided in Condition 5.

(b) Exercise Period—European Style Warrants

Warrants designated in the relevant Terms as “European Style” 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.

(c) Entitlement

The rights attaching to each Warrant on exercise (including any provisions relating to adjustments, market disruption and certain other matters) will be as set out in the relevant Terms.

(d) *Failure to Exercise*

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.

4. Exercise Procedure

(a) *Exercise Notice*

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 Warrantheader and an authorisation to the Issuer to deduct any such taxes or duties from the Settlement Amount or any other amount payable by the Issuer to the Warrantheader in connection with the exercise of such Warrants; (iii) 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 (iv) authorising the production of such certification in applicable administrative or legal proceedings.

(b) *Settlement*

The Issuer shall, for each Warrant being exercised, pay the Settlement Amount, or any other cash payment due in respect of each Warrant in accordance with the relevant Terms, less any taxes or duties which the Issuer is authorised to deduct under the Exercise Notice, in accordance with Condition 9 on the Settlement Date.

(c) *Determination*

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 Warrantheader. 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.

(d) *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 Warrantheader to exercise the Warrants so delivered and surrendered and specified in the Exercise Notice in the manner specified in the Exercise Notice.

5. Illegality

The Issuer shall have the right to terminate the Warrants, by giving notice to the Warrantheaders 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 Warrantheader in respect of each such Warrant held by it an amount 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). The Issuer shall notify the Warrantheaders of the termination in accordance with the procedure set out in Condition 13. Payment will be made to the Warrantheaders in accordance with the procedures described in Condition 9 or in such other manner as shall be notified to the Warrantheaders.

6. 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.

7. 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.

8. 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 Warranholder or a group of Warranholders, then the Issuer may deem the Valuation Date for the first Quota of such Warrants exercised by such Warranholder or group of Warranholders 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 Warranholder or group of Warranholders 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 Warranholder or group of Warranholders 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 Warranholder or group of Warranholders 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.

9. Payments

Payments of the 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.

10. 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 Warranholders, 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.

11. 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 Warranholders in accordance with the procedures set out in Condition 13. 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 Warranholders.

(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 Warranholders.

12. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Warranholders to create and issue further Warrants so as to form a single series with the Warrants.

13. Notices

All notices to Warranholders will 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 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) 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.

14. 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.

15. 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.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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 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:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme—Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and

- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement 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 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.

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) (Transfers 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 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 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 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 Prospectus. The following is a summary of certain of those provisions:

1. *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. Condition 7(e)(vii) and Condition 8(d) of the terms and conditions (in relation to Senior Notes) and Condition 6(e)(vii) and Condition 7(d) of the terms and conditions (in relation to Subordinated Notes) will apply to the Definitive Notes only. For so long as Notes are represented by a Global Certificate, notwithstanding the provisions of Condition 7(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 7(h) (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.

2. *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 9 in the case of the Senior Notes and in Condition 8 in the case of the Subordinated Notes).

3. *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).

4. *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.

5. *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.

6. *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).

7. *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.

8 *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.

9. *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 10 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 21 May, 2012 in relation to Senior Notes that are not denominated in Luxembourg francs or EUR, and under the terms of an amended and restated Undertaking governed by Luxembourg law executed by the Issuer on 21 May, 2012 in relation to Senior Notes that are denominated in Luxembourg francs or 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.

10. *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) or as otherwise required by the rules of that exchange.

Partly-Paid Notes

The provisions relating to Partly-Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly-Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly-Paid Notes within the time specified, the Issuer may be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds of the issue of the Notes and Warrants will be used for the general financing purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms or Final Terms for the Warrants, as the case may be.

BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE ANONYME

Founded in 1856, BIL was one of the pioneers of Luxembourg's financial centre and is now the Grand Duchy's oldest bank. With a staff of more than 2,100, the Bank now operates in the areas of retail banking, private banking, corporate banking and financial markets.

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-1470 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 *statuts* (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 *statuts* are published in the *Mémorial C, Recueil des Sociétés et Associations* (the "Mémorial"). The most recent amendment was made on 22 March, 2011 and published in the Mémorial on 17 April, 2012.

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.

History

In 1991, Crédit Communal de Belgique became BIL's principal shareholder, owning 51 per cent. of its capital. In 1996, the Dexia Group was created by a cross-border merger of Crédit Communal de Belgique and Crédit local de France. The Dexia Group held 99.94 per cent. of the shares of BIL.

Recent Developments

In 2008, the financial crisis rocked the banking sector and the Belgian, French and Luxembourg governments provided guarantees in respect of Dexia's obligations for a period.

During May to October 2011, the so-called "Legacy" bond portfolio continued to put pressure on the Dexia Group, despite good credit ratings of its assets. Dexia then took the steps that were necessary to resolve the structural problems which were hampering the Group's operational business, namely the sale of Dexia Banque Belgique to the Belgian government, which announced the dismantling of the Dexia Group.

On 20 December, 2011, Dexia, Precision Capital and the Grand Duchy of Luxembourg announced that they had entered into a binding Memorandum of Understanding on the acquisition by Precision Capital and the Grand Duchy of Luxembourg of a 99.906 per cent. stake in BIL.

On 22 March, 2012, the Extraordinary General Meeting approved the change in the Bank's legal name from Dexia Banque Internationale à Luxembourg, société anonyme to Banque Internationale à Luxembourg, société anonyme.

On 5 April, 2012, Dexia, Precision Capital and the State of the Grand Duchy of Luxembourg announced the signing of share purchase agreements in relation to the sale of the 99.906 per cent. stake held by Dexia in BIL to Precision Capital and the Grand Duchy of Luxembourg.

Under the terms of these share purchase agreements, it is intended that Precision Capital, a Qatari investment group, will acquire 90 per cent. of Dexia's stake in BIL while the remaining 10 per cent. will be acquired by the Grand Duchy of Luxembourg.

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. These assets will be either transferred to Dexia or disposed of separately prior to closing. BIL will have a strong capital position at closing corresponding to a 9 per cent. Common Equity Tier 1 ratio under Basel III.

The transaction price for the stake of Dexia in BIL is EUR 730 million. The transaction is expected to close in the third quarter of 2012 and remains subject inter alia to all required regulatory approvals, including the approval by the European Commission.

Business Activities

In Luxembourg, with a network of 40 branches, BIL is one of the main retail banks in the country, offering a comprehensive range of services to individuals, SMEs and large domestic companies.

Internationally, BIL is well established in Luxembourg, Switzerland, Singapore, Bahrain and Denmark with over 300 wealth management staff delivering international private banking services to its clients.

In the three dealing rooms based in Luxembourg, Zurich and Singapore about 80 staff members handle the Bank's financial market activities.

BIL is committed to values of social responsibility through a human resources policy appropriate to the Bank's commitment to good citizenship, active cultural patronage and the support of ambitious environmental projects.

Outlook

Now that the signing of the share purchase agreement in relation to the sale of the 99.906 per cent. stake of Dexia in BIL has been finalised, BIL can look ahead to a future based on sound and solid foundations and continue to develop its flagship business areas with the aim of meeting its goal of customer satisfaction, an objective it has pursued for the past 155 years.

In the light of the change in its direction, BIL is using its best endeavours to strengthen its strategic role by drawing on its expertise and core business experience that it has been able to build in Luxembourg, as well as internationally, with the sole aim of providing effective support for client projects by offering products and services that meet their real needs.

With this in mind, the Bank's strategy and new organisational structure reflect the Bank's clear commitment to operate as a stand-alone bank as soon as possible after the closing of the transaction and the sale of BIL to Precision Capital and the Luxembourg government. These decisions it is hoped will enable the BIL Group to fulfil its potential in its core areas.

Risk Management

Monitoring of the risks relating to the Bank and its operations and the banking industry is performed jointly by the appropriate committees and the Risk Management department. Risks are monitored with the help of tools that the department develops, in compliance with the guidelines established by the Dexia Group and all legal constraints and rules of prudence. As regards the supervision of risks in the subsidiaries and branches, the Bank has its own local risk management structure. The risk management structures are strictly independent of the front-offices and reporting to the Bank's local Risk Management department either directly (branches) or functionally (subsidiaries). The Bank's control and management of credit risk is the responsibility of Credit Risks, which comes under the management of Finance and Risks. Credit Risks sets out the risk policy and credit procedures, monitors adherence to the regulations of the *Manuel de Procédures et de Politique de Crédit* (MPPC – Credit Policy and Procedures Manual) and oversees the Dexia Group's credit risk policies relating to counterparty risk. The Risk Management activities currently performed at the Dexia Group level will be taken over by BIL. BIL is in the process of setting up the necessary infrastructure to ensure a smooth transition of these activities after the sale of Dexia's stake in BIL has been completed.

Principal Subsidiaries

At 26 April, 2012, 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 Invest N.V.	Curaçao, Netherlands Antilles	100.00%
BIL RE S.A.	Luxembourg	100.00%
BILTRUST Limited	St Peter Port, Guernsey	100.00%
Compagnie Financière BIL S.A. & Cie S.e.c.s.	Luxembourg	99.99%
Dexia Asset Management Luxembourg S.A.	Luxembourg	51.00%
Banque Internationale à Luxembourg Bank Danmark A/S	Copenhagen, Denmark	100.00%
Banque Internationale à Luxembourg (Suisse) S.A.	Zurich, Switzerland	100.00%
BIL Auto Lease	Luxembourg	100.00%
BIL Asia Singapore Limited	Singapore	100.00%
Dexia LdG Banque S.A.	Luxembourg	100.00%
Dexia Nominees Jersey Limited	Jersey	100.00%
Dexia Securities France Holding S.A.	Paris, France	100.00%
Europay Luxembourg S.C.	Luxembourg	31.50%
Experta Corporate and Trust Services S.A.	Luxembourg	100.00%
I.B. Finance S.A.	Luxembourg	100.00%
Parfipar S.A.	Luxembourg	100.00%
Popular Banca Privada S.A.	Madrid, Spain	40.00%
RBC Dexia Investor Services Ltd	London, UK	50.00%
Société de la Bourse de Luxembourg S.A.	Luxembourg	21.41%
Société Luxembourgeoise de Leasing - BIL Lease S.A.	Luxembourg	100.00%
Truswell S.I.T.C	Taipei, Taiwan	20.00%

As referred to above, the participation of BIL in Dexia Asset Management, RBC Dexia Investor Services, Popular Banca Privada, Dexia LdG Banque and Parfipar are out of scope of the its transaction with Precision Capital and the Grand-Duchy of Luxembourg (the “**Transaction**”). According to the share purchase agreements, these stakes are to be sold before the closing date of the Transaction.

As of December 31, 2011, BIL’s participation in these subsidiaries have been deconsolidated and a receivable representing the contribution to be received as selling price has been substituted to assets and liabilities from deconsolidated entities. The difference between the selling price and the net asset value in the consolidated financial statements has been recognised in the statement of income of the period ended December 31, 2011, for a total amount of EUR 163 million.

Board of Directors and Management

BIL is managed by a Board of Directors.

Board of Directors

Frank Wagener, Chairman of the Board of Directors of BIL, Brouch/Wecker

René Steichen, Vice Chairman of the Board of Directors of BIL, Diekirch

François Pauly, Chairman of the Management Board of BIL, Luxembourg

Marc Croonen, Member of the Board of Dexia S.A., Brussels
Pierre Malevez, Member of the Management Board of BIL, Steinfort
Fernand Fischer, Member of the Staff Committee of BIL, Bertrange
Pierre Mariani, Chief Executive Officer and Chairman of the Management Board of Dexia S.A., Paris
Claude Piret, Member of the Board of Dexia S.A., Brussels
Philippe Rucheton, Member of the Board of Dexia S.A., Bruxelles
Jean-Louis Schiltz, Member of the Board of Directors of BIL, Luxembourg
Serge Schimoff, Member of the Staff Committee of BIL, Olm
Donny Wagner, Member of the Staff Committee of BIL, Mondorf
Fernand Welschbillig, Member of the Staff Committee of BIL, Wecker

Management Board

François Pauly, Chairman
Thierry Delroisse, Member
Benoît Holzem, Member
André Lecoq, Member
Pierre Malevez, Member
Bernard Mommens, Member
Claude Schon, Member
Christian Strasser, Member

BIL is not aware of any potential conflict of interest between the Directors' duties and/or the members of the Management Board's duties to BIL and their private interests or other duties.

The business address of each of the Directors and each of the members of the Management Board is 69, route d'Esch, Luxembourg, L-1470 Luxembourg.

Fiscal Year and Accounts

The Bank's fiscal year corresponds to the calendar year. For the financial years starting 1 January, 2008, 1 January, 2009, 1 January, 2010 and 1 January, 2011 the consolidated financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Auditors

Since 1 January, 2008, the auditors of the Issuer have been Deloitte SA, 560 rue de Neudorf, L-2220 Luxembourg.

CONSOLIDATED FINANCIAL HIGHLIGHTS

These financial highlights have been extracted without material adjustment from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2009, 2010 and 2011 prepared in accordance with IFRS as adopted by the EU.

Consolidated Balance Sheet Information

	<u>31 December, 2009</u> <i>(in EUR)</i>	<u>31 December, 2010</u> <i>(in EUR)</i>	<u>31 December, 2011</u> <i>(in EUR)</i>
Assets			
Cash, balances with central banks & loans due from banks.....	18,144,688,043	14,234,779,385	3,785,167,446
Loans & advances to customers	15,822,174,937	15,000,485,945	9,496,522,669
Securities	14,765,974,486	11,744,116,243	860,935,777
Other assets	2,563,809,483	2,451,925,967	10,076,198,286
Total assets	<u>51,296,646,949</u>	<u>43,431,307,540</u>	<u>24,218,824,178</u>
Liabilities			
Due to banks	13,489,214,172	8,536,239,923	6,706,638,352
Due to customers & debt securities...	31,960,131,223	28,885,602,612	13,472,015,721
Provisions	210,346,586	215,116,222	94,559,237
Loan capital	898,805,333	942,425,225	802,352,505
Share capital & reserves	2,004,887,955	2,169,466,155	2,660,141,000
Result for the financial year	244,802,264	240,281,500	-1,921,181,060
Other liabilities	2,488,459,416	2,442,175,903	2,404,298,423
Total liabilities	<u>51,296,646,949</u>	<u>43,431,307,540</u>	<u>24,218,824,178</u>

DEXIA GROUP

Dexia is a European banking group (referred to herein as “Dexia” or, the “Dexia Group”) which, in 2011, carried out its activities principally in Belgium, Luxembourg, France and Turkey in the fields of retail and commercial banking, public and wholesale banking, asset management and investor services.

The Dexia Group’s parent company is Dexia S.A., a limited company under Belgian law with its shares listed on Euronext Brussels and Paris as well as the Luxembourg Stock Exchange.

Since December 2008, the Dexia Group has considerably reduced its risk profile and refocused its commercial franchises on its historical business lines and markets, in line with the restructuring plan validated by the European Commission. Dexia has thus principally organised its activity portfolio around retail banking, grasping opportunities for growth in Turkey. In the field of public banking, the Dexia Group chose to remain a selective, profitable and recognised specialist, offering a diversified range of products. This plan was implemented in line with the objectives fixed until mid-2011.

As a consequence of the aggravation of the sovereign crisis in the euro zone and more generally the hardening of the macro-economic environment, Dexia was confronted by renewed pressure on its liquidity during the summer of 2011. Against that background, the Dexia Group undertook, in October 2011, to make in-depth changes to its structure, including:

- the implementation of a temporary funding guarantee scheme involving the Belgian, French and Luxembourg States (the “States”);
- the sale of Dexia Bank Belgium to the Belgian state, finalised on 20 October, 2011;
- a protocol of intention with Caisse des Dépôts, La Banque Postale and the French State with regard to local public sector finance;
- the planned disposal of certain of the Dexia Group’s operational subsidiaries, particularly BIL, DenizBank, Dexia Asset Management and RBC Dexia Investor Services.

These measures, comprising a definitive liquidity guarantee scheme, will be part of a new plan that the respective States undertook to submit to the European Commission by the end of March 2012.

Implementation of these new structural measures will have a significant impact on the Dexia Group profile in the future. Accordingly, since the sale of Dexia Bank Belgium, the Dexia Group has very few outstanding commercial activities in Belgium.

2012 will be marked by the completion of pending divestment processes, subject to approval by the European Commission of the Dexia Group’s new plan.

After completion of those proposed disposals, the Dexia Group’s scope will be composed of the international subsidiaries in charge of public sector services and of a portfolio of assets managed in run-off.

The following is the full text of a press release of BIL dated 5 April, 2012:

“Banque Internationale à Luxembourg :

2011 Results

At its meeting on 30 March 2012 the Board of Directors of Banque Internationale à Luxembourg (BIL) signed off the balance sheet at 31 December 2011 to be submitted for approval to the General Meeting of Shareholders which will be held on 27 April 2012.

In 2011 BIL's financial results were marked by significant non-recurring items relating to BIL's withdrawal from the Dexia group. Excluding exceptional items the bank posts satisfactory operating income.

Income excluding non-recurring items

The BIL group's 2011 net income, excluding non-recurring items, is EUR 151 million before tax.

Despite the worsening of the crisis during summer and the uncertainties surrounding the Dexia group, income from Retail and Commercial Banking was solid, slightly down by EUR 5 million. Client balance-sheet and off-balance sheet assets at 31 December 2011 were EUR 28 billion, down 13.8% on December 2010; since the announcement of the sale of BIL, cash flows have stabilised and have returned to a slight increase. Loan exposure is up 3.1% at EUR 9.3 billion. Costs remain well under control and are significantly lower than in 2010.

Consolidated financial results

The net loss of EUR 1.9 billion after tax was heavily impacted by the recognition in the income statement of sales of certain participations (including Dexia Asset Management Luxembourg, RBC Dexia Investor Services Limited and Dexia LdG Banque) and, above all, by the transfer of the “Legacy” bond portfolio - valued at market price on 31 December 2011 - to the Dexia group following the signing of the Share Purchase Agreement on 5 April 2012 between Dexia, Precision Capital and the Grand Duchy of Luxembourg.

The sale of the participations is the result of the process of dismantling of the Dexia group, initiated in October 2011.

BIL stands alone

The signing of the Share Purchase Agreement on 5 April 2012 marks a decisive stage in the withdrawal of BIL from the Dexia group. CEO François Pauly declared “I am pleased with the signing of the SPA and am confident as to the prospects of BIL which may look forward to a successful future on a sound and solid base and continue to develop its leading businesses in the service of its clientele.”

Following the agreement reached between the stakeholders, BIL will, at completion, have capital and reserves enabling it to post a Common Equity Tier 1 ratio of 9% under Basel III and of 12% under Basel II.”

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 is a summary discussion of certain material Luxembourg tax consequences with respect to the Notes and the Warrants. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular holder of Notes and/or Warrants, and does not purport to include tax considerations that arise from rules of general application or that are generally assumed to be known to holders of Notes and/or Warrants. It is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on Luxembourg laws and regulations as they stand on the date of this prospectus and is subject to any change in law or regulations or changes in interpretation or application thereof that may take effect after such date. Prospective investors in the Notes and/or Warrants should therefore consult their own professional advisers as to the effects of state, local or foreign laws and regulations, including Luxembourg tax law and regulations, to which they may be subject.

1. Notes

Withholding Tax

Non-Residents

Under Luxembourg tax law currently in effect and except as provided for by the laws of 21 June, 2005 (the “2005 Laws”) implementing the Directive 2003/48/EC on taxation of savings income in the form of interest payments (the “EU Savings Directive”) and several agreements concluded between Luxembourg and certain dependant or associated territories of the European Union (“EU”), there is no withholding tax for non-resident holders of the Notes on payments of interest (including accrued but unpaid interest) and on payments received upon redemption or repayment of the principal or upon an exchange of the Notes.

Under the 2005 Laws, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual or a residual entity, who as a result of an identification procedure implemented by the paying agent are identified as *residents* or are deemed to be *residents* of an EU Member State (other than Luxembourg) or certain dependant or associated territories, will be subject to a withholding tax unless the relevant beneficiary has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or deemed residence or has provided a tax certificate from his/her fiscal authority in the format required by law to the relevant paying agent.

Where withholding tax is applied, payments of interest and similar income will be subject to a withholding at a rate of 35 per cent.

When used in the preceding three paragraphs “interest”, “paying agent”, and “residual entity” have the meaning given thereto in the 2005 Laws. “Interest” will include accrued or capitalised interest at the sale, repayment or redemption of the Notes. “Paying agent” is defined broadly for this purpose and in the context of the Notes means any economic operator established in Luxembourg who pays interest on the Notes to or ascribes the payment of such interest to or for the immediate benefit of the beneficial owner, whether the operator is, or acts on behalf of, the Issuer or is instructed by the beneficial owner to collect such payment of interest.

Payments of interest or similar income under the Notes to the clearing systems and payments by or on behalf of Clearstream, Luxembourg, to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

Residents

Interest on Notes paid by a Luxembourg paying agent to an individual holder who is a resident of Luxembourg or to certain foreign residual entities securing the payment for the benefit of such individual holder will be subject to a withholding tax of 10 per cent. If the individual holder does not hold the Notes as business assets, the aforementioned 10 per cent. withholding tax will operate a full

discharge of income tax due on such payments. In case interest is paid on the Notes to Luxembourg resident individuals or to certain foreign residual entities securing the payment for the benefit of such individuals by a paying agent established in a Member State of the EU or the EEA other than Luxembourg or in a State party to an international convention linked to the EU Savings Directive, the beneficiary may opt for the application of the aforementioned 10 per cent. withholding tax in accordance with the provisions of the law of 23 December 2005. In such case the beneficiary is responsible for the related payment and declaration obligations. This withholding tax represents the final tax liability for Luxembourg individual resident taxpayers acting in the course of the management of their private wealth.

Interest on Notes paid by Luxembourg paying agent to Luxembourg holders of Notes which are not individuals will not be subject to any withholding tax.

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 10 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 10 per cent. withholding tax. When the aforementioned 10 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 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 laws of 17 December, 2010 and 13 February, 2007 on undertakings for collective investment; (ii) the law of 22 March, 2004 on securitisation; (iii) the law of 15 June, 2004 on the investment company in risk capital; or (iv) the law of 11 May, 2007 on family estate management companies, 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 voluntarily registered in Luxembourg.

Gift Taxes

No estate or inheritance tax is levied on the transfer of Notes upon 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-residents 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.

Residents Warrant Holders

Individuals

The profit made by a resident individual Warrant Holder 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 6 months following the acquisition by such person. The exercise by such a Holder of Warrants against physical settlement does not give rise to taxation in Luxembourg, provided that the disposal of the assets acquired upon such exercise will be taxable in Luxembourg in the same circumstances as would be a sale of a Warrant or the exercise thereof against payment of a cash amount and that the holding period of 6 months referred to above will start on the date of acquisition of such assets following the exercise of such Warrant.

If Warrants are held by a resident individual Warrant Holder 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 Warrant Holder is exempt from taxation under Luxembourg law, a Holder who is an undertaking with a collective character resident in 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. The exercise by a Holder of Warrants against physical settlement does not give rise to taxation in Luxembourg, provided that the disposal of the assets acquired upon such exercise will be taxable in Luxembourg in the same circumstances as would be a sale of a Warrant or the exercise thereof against payment of a cash amount.

Other Taxes

Luxembourg net wealth tax will not be levied on a Warrant Holder, unless (a) the Holder is an undertaking with a collective character resident in Luxembourg other than a holder of Notes governed by (i) the laws of 17 December 2010 and 13 February 2007 on undertakings for collective investment; (ii) the law of 22 March 2004 on securitisation; (iii) the law of 15 June 2004 on the investment company in risk capital; or (iv) the law of 11 May 2007 on family estate management companies, 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, except that courts proceedings in a

Luxembourg court or the representation of the Warrants to an “*autorité constituée*”, could imply registration of the Warrants at a fixed registration duty or the documents relating to the Warrants are voluntarily presented to the registration formalities.

United Kingdom Tax Consequences

The comments below are of a general nature based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs). The comments below are only intended to describe the United Kingdom withholding tax implications in respect of payments of interest on the Notes and are not intended to be exhaustive. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

Withholding Tax

Assuming that interest on the Notes does not have a United Kingdom source, payments of interest on the Notes by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax.

Even if interest on the Notes does have a United Kingdom source, whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom tax. The Notes issued will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 United Kingdom Income Tax Act 2007. The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. Notes will be treated as listed on the Luxembourg Stock Exchange if they are both admitted to trading on the Luxembourg Stock Exchange and are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area.

Belgian Tax Consequences

The following summary describes the principal Belgian tax considerations with respect to the holding of the Notes and/or 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 Warrants. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

This summary is based on Belgian tax legislation, treaties, rules, and administrative interpretations and similar documentation, in force as of 16 May 2012, 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.

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 Warrants, taking into account the influence of each regional, local or national law.

1. Notes

Withholding Tax and Income Tax

Tax rules applicable to natural persons resident in Belgium

Belgian natural persons 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 in Belgium subject to the following tax treatment with respect to the Notes. Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

In accordance with Belgian tax law, the following amounts are qualified and taxable 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” (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in case of a realisation of the Notes between two interest payment dates, the *pro rata* of accrued interest corresponding to the detention period. “Fixed income securities” are defined as bonds, specific debt certificates issued by banks (*kasbon*/*bon de caisse*) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 21 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). Belgian natural persons do not have to declare the interest on the Notes in their personal income tax return, provided that they have elected for a withholding of the 4 per cent. additional tax on investment income (see below) in addition to the 21 per cent. Belgian withholding tax.

If the 4 per cent. additional tax on investment income has not been withheld in addition to the Belgian withholding tax, the Noteholder will be required to declare the interest income in his/her personal income tax return. Moreover, in such case, certain information (including the amount of interest income and the identity of the Noteholder) will be communicated to a central contact point which in turn will communicate the relevant information to the tax administration on an annual basis (if the total amount of investment income communicated with respect to that holder in the relevant year exceeds the threshold of EUR 20,020 mentioned below) as well as on demand.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 21 per cent., increased with local surcharges (however, the Belgian federal government has approved a draft bill which, if adopted by the legislator, would abolish such local surcharges) and increased, as the case may be, with the 4 per cent. additional tax on investment income (see below).

Belgian resident individuals who receive qualifying investment income (qualifying interest and qualifying dividends) in an amount exceeding EUR 20,020 (amount for income year 2012) on a yearly basis will be subject to an additional tax on investment income of 4 per cent. on the income exceeding EUR 20,020. Certain investment income is not subject to the additional tax on investment income, i.e. dividend income taxed at 25 per cent., liquidation bonuses, the part of interest on regulated savings accounts taxed at 15 per cent., the income from government bonds issued and subscribed between 24 November, 2011 and 2 December, 2011 and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts); however, this investment income is in principle first taken into account to determine whether the EUR 20,020 threshold is exceeded, except for liquidation bonuses, the income from the above mentioned government bonds and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts). Interest on the Notes will be taken into account to calculate the EUR 20,020 threshold and will be subject to the 4 per cent. additional tax on investment income if and to the extent that the threshold is exceeded.

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 and will be taxed at a flat rate of 21 per cent. increased, as the case may be, with the 4 per cent. additional tax on investment income (see above).

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 management of one’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

Corporations Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian Corporate Income Tax (“*Vennootschapsbelasting*”/ “*Impôt des sociétés*”) are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax of 33.99 per cent. Capital losses are in principle deductible.

Interest payments on the Notes made through a paying agent in Belgium can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered. The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Belgian legal entities

Legal entity Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian tax on legal entities (“*Rechtspersonenbelasting*”/ “*impôt des personnes morales*”) are in Belgium subject to the following tax treatment with respect to the Notes.

In accordance with Belgian tax law, the following amounts are qualified and taxable 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” (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in case of a realisation of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period. “Fixed income securities” are defined as bonds, specific debt certificates issued by banks (*‘kasbon’* / *‘bon de caisse’*) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 21 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 21 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gain qualifies as interest (as defined above). Capital losses are in principle not tax deductible.

Organization for Financing Pensions

Belgian pension fund entities that have the form of an Organization for Financing Pensions (“OFP”) are subject to Belgian Corporate Income Tax (“*Vennootschapsbelasting*”/ “*Impôt des sociétés*”). OFPs are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by OFP Noteholders on the Notes and capital gains realised on the Notes will be exempt from Belgian Corporate Income Tax.

The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Belgian non-residents

The interest income on the Notes paid through a professional intermediary in Belgium will, in principle, be subject to a 21 per cent. withholding tax, unless the Noteholder 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 can also obtain an exemption of Belgian withholding tax on interest from the Notes if they are the owners or *usufructors* of the Notes and they deliver an affidavit confirm-

ing that they have not allocated the Notes to business activities in Belgium and that they are non-residents, provided that (i) the interest is paid through a Belgian credit institution, stock market company or clearing or settlement institution and that (ii) the Notes are not used by the Issuer for carrying on a business in Belgium.

The non-residents who use the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies (see above). Non-resident Noteholders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

European Directive on taxation of savings income in the form of interest payments

The EU Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons resident in another Member State (hereinafter “Disclosure of Information Method”), except that Austria and Luxembourg may instead impose a withholding system (hereinafter “Source Tax”) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. A number of third countries and territories have adopted similar measures to the Savings Directive.

Individuals not resident in Belgium

Interest paid or collected through Belgium on the Notes and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

Individuals resident in Belgium

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of Euro 2.5.

2. Warrants

Investors are in principle subject to the following tax treatment with respect to the Warrants. Other rules can be applicable in special situations, such as when the return on the underlying is fixed in advance, in which case the holders of the Warrants may be subject to the tax regime applicable to the Notes (see above).

This summary does not address the tax consequences after the moment of exercise, settlement or redemption of the Warrants.

Withholding tax and income tax treatment

Tax treatment of Belgian resident individuals

Individuals who are Belgian residents for tax purposes, i.e. individuals subject to the Belgian individual income tax (“*Personenbelasting*” / “*Impôt des personnes physiques*”), and who hold the Warrants as a private investment, are in principle subject to the following tax treatment in Belgium with respect to Warrants.

Private individual investors are in principle not liable to income tax on gains realised on the disposal or settlement of Warrants held as a private investment. Losses are not tax deductible.

Other tax rules may be applicable with respect to Warrants that are held for professional purposes and transactions with Warrants falling outside the scope of the normal management of one's own private estate.

Tax treatment of Belgian resident corporations

Corporations that are Belgian residents for tax purposes, i.e., corporations subject to Belgian Corporate Income Tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*"), are in principle subject to the following tax treatment in Belgium with respect to Warrants.

Belgian corporations will be subject to the Belgian corporate income tax of 33.99 per cent. on the gains realised on the disposal or cash settlement of the Warrants. Losses are in principle deductible.

Tax treatment of an Organisations for Financing Pensions

Belgian pension fund entities that have the form of an OFP are subject to Belgian Corporate Income Tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*"). OFPs are in principle subject to the following tax treatment in Belgium with respect to Warrants.

Belgian OFPs are not liable for income tax on gains realised on the disposal or settlement of the Warrants.

Tax treatment of other Belgian 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 in principle subject to the following tax treatment in Belgium with respect to Warrants.

Belgian legal entities are in principle not liable to income tax on gains realised on the disposal or settlement of the Warrants. Losses are not tax deductible.

Tax treatment of Belgian non-residents

Non-resident Warrant holders who do not allocate the Warrants to a professional activity in Belgium are not subject to Belgian income tax on gains realised on the disposal or settlement of the Warrants.

Non-residents who use the Warrants to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian residents.

Stock exchange tax and tax on repurchase transactions

A stock exchange tax will be levied on the purchase and sale in Belgium of the Notes and/or Warrants on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. for Notes and 0.22 per cent. for Warrants, with a maximum amount of EUR 650 per transaction and per party. A separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary. However, it has been reported in the press that the Belgian federal government has approved a draft bill to increase the above tax rate for transactions with Warrants from 0.22 per cent. to 0.25 per cent. and in the maximum amount from EUR 650 to EUR 740 per transaction and per party. This draft bill has not yet been adopted by the Belgian parliament on 16 May 2012.

A tax on repurchase transactions ("*taxe sur les reports*") at the rate of 0.085 per cent. subject to a maximum of EUR 650 per party and per transaction, will be due from each party to any such transaction entered into or settled in Belgium in which a professional intermediary for stock transactions acts for either party.

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 non-residents (subject to certain formalities) and certain Belgian institutional investors, as defined in Articles 126-1.2 and 139 of the Code of various duties and taxes ("*Code des droits et taxes divers*").

Tax on the physical delivery of bearer securities

A tax of 0.6 per cent. is levied upon the physical delivery of bearer securities pursuant to their acquisition on the secondary market through a professional intermediary. The same tax applies to the conversion of registered securities into bearer securities and to the physical delivery of bearer securities pursuant to a withdrawal of these securities from open custody.

The tax on the delivery of bearer securities is due either on the sums payable by the purchaser, or on the sales value of the securities as estimated by the custodian in the case of a withdrawal from open custody or by the person asking for the conversion of the securities in case of conversion of a registered securities in a bearer securities. The tax is payable by the issuer, the professional intermediary or the custodian.

The physical delivery of bearer securities to recognised Belgian professional intermediaries (such as credit institutions), acting for their own account, is exempt from the above tax.

PLAN OF DISTRIBUTION

Summary 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) (the "Distribution Agreement") dated 9 November, 1995 as amended and restated on 21 May, 2012 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 have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act (Regulation S) or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph 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. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed 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, and 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 within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (not participating in the offering) may violate the registration requirements of the Securities Act.

The Warrants have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has represented and agreed that it has not offered or sold, and agrees that it will not offer or

sell, any Warrants constituting part of its allotment within the United States. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Furthermore, neither the sale of nor trading in Warrants which relate to currencies, commodity prices or indices has been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act and no U.S. person may at any time purchase, trade or maintain a position in such Warrants.

Public Offer Selling Restrictions under the Prospectus Directive

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 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 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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 (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed that:

1. in relation to Notes which have a maturity of less than one year from the date of their issue, (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;
2. 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 does not apply to the Issuer; and
 3. 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 the Notes and the Warrants are being issued outside the Republic of France and, in connection with their initial distribution, that (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes or Warrants to the public in the Republic of France; (ii) such offers, sales have been and will only be made in the Republic of France to qualified investors (*investisseurs qualifiés*) in accordance with Article L.411-1 and L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier* and/or to persons providing investment services relating to portfolio management for the account of third parties; and (iii) it has not distributed and will not distribute or cause to be distributed to the public in the Republic of France this Prospectus or any other offering material relating to the Notes or the Warrants, except to the investors to whom offers and sales of Notes and Warrants in the Republic of France may be made as described above.

Germany

Each Dealer has represented and agreed that it has only offered or sold and that it shall only offer or sell Notes 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 Securities.

Japan

None of the Notes or the Warrants have been or will be registered under the Financial Instruments and Exchange Act of Japan (the “Financial Instruments and Exchange Act”) and, accordingly, each of the Dealers has undertaken that it will not offer or sell any Notes or Warrants, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and all other relevant laws and regulations promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this 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 SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes or the Warrants are subscribed or purchased under Section 275 of the SFA, by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes or the Warrants pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(1)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in section 276(7) of the SFA.

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 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 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 Prospectus, any other offering material or any Final Terms or Final Terms for the Warrants and neither the Issuer nor any other Dealer shall have responsibility therefor.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

Final Terms dated [•]

Banque Internationale à Luxembourg, société anonyme
(incorporated with limited liability in Luxembourg)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €10,000,000,000

Euro Medium Term Note and Warrant Programme

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 Prospectus dated 21 May, 2012 [and the supplement to the Prospectus dated [•]] which [together] constitute[s] a Prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). 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 Prospectus [as so supplemented]. 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 Prospectus [as so supplemented]. The Prospectus [and the supplement to the Prospectus] [is] [are] available for inspection at the office of the Agent and the office of the Issuer and are available to view on the Luxembourg Stock Exchange Website (www.bourse.lu).

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a 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 [Offering Circular]¹ [Prospectus] dated [original date] [and the supplement to the [Offering Circular]¹ [Prospectus] dated [•]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated 21 May, 2012 [and the supplement to the Prospectus dated [•]] which together, constitute[s] a Prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Offering Circular]¹ [Prospectus] dated [original date] [and the supplement to the Prospectus dated [•]] and are attached hereto. 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 [Offering Circular dated [original date] and the Prospectus dated 21 May, 2012¹ [Prospectuses dated [original date] and [current date]] [and supplement to the [Prospectus] [Prospectuses]]. The [Offering Circular dated [original date] and the Prospectus dated 21 May, 2012¹ [Prospectuses] [and any supplement to the [Prospectus] [Prospectuses]] are available for inspection at the office of the Fiscal Agent and the office of the Issuer.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). 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.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

1. Issuer: Banque Internationale à Luxembourg, société anonyme

 2. [(i)] Series Number:
 - [(ii)] Tranche Number:
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*

3. Specified Currency or Currencies:
4. Aggregate Nominal Amount:
 [(i)] Series:
 [(ii)] Tranche:
5. Issue Price: per cent. of the Aggregate Nominal Amount
 [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations²:
 (ii) Calculation Amount:
7. [(i)] Issue Date:
 [(ii)] Interest Commencement Date:
8. 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]
9. Interest Basis: per cent. Fixed Rate]
 [LIBOR/EURIBOR] +/- per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [Other (specify)]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (specify)]
[If the Final Redemption Amount is different from 100 per cent. of the nominal value the Notes will 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]
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: [Put]
 [Call]
 [(further particulars specified below)]
13. [(i)] Status of the Notes: [Senior/[Dated/Undated]/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)]

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. 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 [annually/ semi-annually/quarterly/monthly] in arrear]
 - (ii) Interest Payment Date(s): in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/[not adjusted]
 - (iii) Fixed Coupon Amount[(s)]: per Calculation Amount
 - (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
 - (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA /ISDA) / other]
 - (vi) 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))*
 - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs 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/ other *(give details)*]
 - (vi) Business Centre(s):
 - (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination other *(give details)*]
 - (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):
 - (ix) Screen Rate Determination:

- Reference Rate:
 - Interest Determination Date(s):
 - Relevant Screen Page:
 - (x) ISDA Determination:
 - Floating Rate Option:
 - Designated Maturity:
 - Reset Date:
 - (xi) Margin(s): +/- per cent. per annum
 - (xii) Minimum Rate of Interest: per cent. per annum
 - (xiii) Maximum Rate of Interest: per cent. per annum
 - (xiv) Day Count Fraction:
 - (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate 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. Index Linked Interest Note/other variable-linked interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the interest due:
 - (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:
 - (iv) Interest Determination Date(s):
 - (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
 - (vi) Interest or Interest Accrual Period(s):
 - (vii) Specified Interest Payment Dates:
 - (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

- (ix) Business Centre(s):
- (x) Minimum Rate of Interest: per cent. per annum
- (xi) Maximum Rate of Interest: per cent. per annum
- (xii) Day Count Fraction:
19. Dual Currency 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 details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
- (iv) Person at whose option Specified Currency(ies) is/are payable:

PROVISIONS RELATING TO REDEMPTION

20. Call Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs 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 period: *(If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent.)*
21. Put Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs 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) Notice period: *(If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries,*

for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent)

22. Final Redemption Amount of each Note: per Calculation Amount

[If the Final Redemption Amount is different from 100 per cent. of the nominal value the Notes will 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]

In cases where the Final Redemption Amount is Index Linked or other variable-linked:

(i) Index/Formula/variable: *[give or annex details]*

(ii) Calculation Agent responsible for calculating the Final Redemption Amount: *[name and address]*

(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:

(iv) Determination Date(s):

(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:

(vi) Payment date of Final Redemption Amount:

(vii) Minimum Final Redemption Amount: per Calculation Amount

(viii) Maximum Final Redemption Amount: per Calculation Amount

23. Early Redemption Amount:

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. 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 [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]

[Rule 144A Global Note (U.S.\$ [•] nominal amount) registered in the name of a nominee for

- [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]
25. 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]
26. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 16(v) and 18(ix) relate]
27. Talons for future Coupons or Receipts to on which such Talons mature): be attached to Definitive Notes (and dates [Yes/No. *If yes, give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/give details]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions in Condition [*] apply]
31. Consolidation provisions: [Not Applicable/The provisions in Condition [*] apply]
32. Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)
33. Governing law: [English/Luxembourg] [*Senior Notes denominated in euro may be governed by Luxembourg law. All Senior Notes denominated in euro and not governed by Luxembourg law will be governed by English law. All other Senior Notes will be governed by English law. All Subordinated Notes will be governed by Luxembourg law.*]

DISTRIBUTION

34. (i) If syndicated, names [and addresses]³ of Managers [and underwriting commitments].³ [Not Applicable/give names, addresses and underwriting commitments]
- (ii) Date of Subscription Agreement: ³
(iii) Stabilising Manager(s) (if any): [Not Applicable/give names]
35. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
36. Total commission and concession: per cent. of the Aggregate Nominal Amount
37. U.S. Selling Restrictions: [Reg.S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]
38. Additional Selling Restrictions: [Not Applicable/give details]
- (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.)*

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €10,000,000,000 Programme for the issuance of Euro Medium Term Notes and Warrants of Banque Internationale à Luxembourg, société anonyme.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [] has been extracted from []. 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 Notes to be admitted to trading on with effect from .]
[Not Applicable.]
(Where documenting a fungible issue need to indicate that the original notes are already admitted to trading.)
- [(iii) Estimate of total expenses related to admission to trading: ⁴

2 RATINGS

- Ratings: The Notes to be issued have been rated:
[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.]

Insert one (or more) of the following options, as applicable:

Option 1: CRA is (i) established in the EU and (ii) registered under the CRA Regulation:

[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).

Option 2: CRA is (i) established in the EU, (ii) not registered under the CRA Regulation; but (iii) has applied for registration:

[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and has applied for registration under Regulation (EC) No 1060/2009 (the “CRA Regulation”), although notification of the registration decision has not yet been provided.

Option 3: CRA is (i) established in the EU; and (ii) has not applied for registration is not registered under the CRA Regulation:

[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009 (the “CRA Regulation”).

Option 4: CRA is not established in the EU but the relevant rating is endorsed by a CRA

which is established and registered under the CRA Regulation:

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but the rating it has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).

Option 5: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified under the CRA Regulation:

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”).

Option 6: CRA is neither established in the EU nor certified under the CRA Regulation and the relevant rating is not endorsed under the CRA Regulation:

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU and is not certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.⁶

(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.)

[The European Securities and Markets Authority has published on its website a list of credit rating agencies currently registered in accordance with the CRA Regulation. Such list shall be updated within five working days following the adoption of a decision under Articles 16,17 or 20 of the CRA regulation. The European commission shall publish that updated list in the Official Journal of the European Union within 30 days of any updates (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>).]

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 Prospectus has been drawn up in accordance with the Prospectus Directive.]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

“So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.” – *Amend as appropriate.*

5 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES³

[(i) Reasons for the offer:

(See “Use of Proceeds” wording in 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.]

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6 [Fixed Rate Notes only – YIELD

Indication of yield:

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7 [Floating Rate Notes only – HISTORIC INTEREST RATES³

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

8 [Index Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS, A DESCRIPTION OF ANY MARKET DISRUPTION AND/OR SETTLEMENT DISRUPTION EVENTS THAT AFFECT THE UNDERLYING, A DESCRIPTION OF ANY ADJUSTMENT RULES WITH RELATION TO EVENTS CONCERNING THE UNDERLYING AND OTHER INFORMATION CONCERNING THE UNDERLYING⁵

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Where the underlying is a security need to include the name of the issuer of the security and the International Securities Identification Number (ISIN) or equivalent identification number. Where the underlying is an interest rate need to include a description of the interest rate. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket.] Include any other information concerning the underlying required by paragraph 4.2 above of Annex XII of the Prospectus Directive Regulation].

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 except where required by applicable laws and regulations].

9 [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT⁵

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

10 OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes] [No] (Only applicable for Senior Notes)

[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 satisfaction of the Eurosystem eligibility criteria.] [include this text if “yes” selected in which case the Notes must be issued in NGN form]

ISIN Code:

Common Code:

Any clearing system(s) other than Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme 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):

11 TERMS AND CONDITIONS OF THE OFFER³

Offer Price:

[Issue Price][specify]

Conditions to which the offer is subject:

[Not Applicable/give details]

Description of the application process:

[Not Applicable/give details]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

[Not Applicable/give detail]

Time period (including any possible amendments) during which the offer will

be open and description of the application process:	
Details of the minimum and/or maximum amount of application:	[Not Applicable/give details]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/give details]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/give details]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/give details]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/give details]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/give details]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/give details]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None/give details]

Notes

- * *If an issue of Notes is (i) NOT admitted to trading on a regulated market within the European Economic area and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the Issuer may elect to amend and/or delete certain of the above paragraphs of Part B.*
- 1 *Delete unless the Issue Date of the first tranche of an issue which is being increased was prior to 22 November, 2005.*
- 2 *If the specified denomination is expressed to be €[50/100],000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following wording: "€[50/100],000 and integral multiples of [€1,000] in excess thereof up to including [€[99/199],000]. No notes in definitive form will be issued with a denomination above [€[99/199],000]"*
- 3 *Delete if the minimum Specified Denomination is at least €100,000 or its equivalent in other currencies.*
- 4 *Include if the minimum Specified Denomination is at least €100,000 or its equivalent in other currencies.*
- 5 *Required for derivative securities to which Annex XII to the Prospectus Directive applies*
- 6 *Insert for Notes which are admitted to trading on a regulated market in the EEA and which have been assigned a rating.*

FORM OF FINAL TERMS FOR THE WARRANTS

Set out below is the form of Final Terms for the Warrant that will be completed for each issue of Warrants under the programme.

These Final Terms for the Warrants, under which the Warrants described herein (the “**Warrants**”) are issued, are supplemental to, and should be read in conjunction with, the Prospectus (the “**Prospectus**”) dated 21 May, 2012 issued in relation to the EUR10,000,000,000 Programme for the issue of Euro Medium Term Notes and Warrants [include reference to any other Prospectus containing the Final Terms for the Warrants for earlier Tranches of the same Series]. Terms defined in the Prospectus have the same meaning in these Final Terms for the Warrants. The Warrants will be issued on the terms of this Final Terms for the Warrants read together with the Prospectus[es]. The Issuer accepts responsibility for the information contained in these Final Terms for the Warrants which, when read together with the Prospectus, contains all information that is material in the context of the issue of the Warrants. The Prospectus[es] [and the supplement[s] to the Prospectus[es]] [is] [are] available for inspection at the office of the Agent and the office of the Issuer and are available to view on the Luxembourg Stock Exchange Website (www.bourse.lu).

These Final Terms for the Warrants do not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of anyone to subscribe or purchase any of the Warrants.

[Set out any additions or variations to the selling restrictions].

[N.B.: If there has been any adverse change in the financial position or results of operations of the Issuer or of the 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].

[Signed: _____

Director]

A. Issue Details

1. Form of Warrants: [Bearer/Book-entry]
2. Title, Number, Put or Call:
3. European or American Style:
4. Issue Date:
5. Final Exercise Date:
6. Exercise Date or Exercise Dates (European Style only):
7. Strike Price:
8. Minimum Exercise Number:
9. Maximum Exercise Number (American Style only):
10. Calculation Agent: *[name and address]*
11. Governing Law:
12. Date of resolution of Board of Directors of the Issuer approving the issue of the Warrants:
13. Dealers:
14. Date of Subscription Agreement:
15. Co-ordinator and Underwriters
16. Issue Price:
17. Commissions, concessions or other similar amounts:
18. Stock Exchange on which Warrants are listed:

(Where documenting a fungible issue need to indicate that the original Warrants are already admitted to trading)

- 19. Common Code:
- 20. Other Clearing System:
- 21. Code of any other Clearing System:
- 22. ISIN (if applicable):

B. Interests of Natural and Legal Persons involved in the Issue

So far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer.

C. Reasons for the Offer, Estimated Net Proceeds and Total Expenses

[(i) Reasons for the offer:

(See "Use of Proceeds" wording in 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.]*

D. Exercise Rights

This Section should set out the rights attaching to the Warrants on exercise. It should generally include definitions of:

"Business Day" means [a day (other than a Saturday or a Sunday) on which banks are open for business in [] and London];

"Settlement Amount" (if applicable);

"Settlement Date" means [the [number of days] Business Day following the Valuation Date];

"Settlement Price" or "Applicable Exchange Rate" etc.;

"Valuation Business Day" means [a Business Day on which [foreign exchange markets in []/the [] Stock Exchange, etc.] are [(or, but for the occurrence of a Market Disruption Event, would be)] open for business];

"Valuation Date" means [, subject as provided below and in the Conditions,] the [next] [Valuation] Business Day following the Exercise Date.

This section should also include any other definitions or provisions relevant to the rights attaching to the Warrants, e.g. Market Disruption Events, Adjustment Rules, Discontinuance or Modification of Index etc.

E. Provisions modifying the General Conditions

[If applicable]

F. Additional selling restrictions

[If applicable]

G. Description of the Underlying

[If applicable]

[Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Where the underlying is an index need to include the name of the index

and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Where the underlying is a security need to include the name of the issuer of the security and the International Securities Identification Number (ISIN) or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket.]

[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 except where required by applicable laws and regulations.]

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 position of the BIL Group since 31 December, 2011 and there has been no material adverse change in the prospects of the Issuer or the BIL Group since 31 December, 2011.

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 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 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. Each 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".

6. 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.

7. 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.

8. 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, 2010 and 31 December, 2011, including the reports of statutory auditors in respect thereof, may be obtained, and copies in physical form of this 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 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.

9. Deloitte SA (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 two years ended 31 December, 2010 and 31 December, 2011.

10. The Prospectus, the Final Terms and the Final Terms for the Warrants 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).

REGISTERED OFFICE OF THE ISSUER

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