

**OFFERING CIRCULAR**

**12 December 2018**



**Council of Europe  
Development Bank**

**EUR 25,000,000,000  
Euro Medium Term Note Programme**

Under the EUR 25,000,000,000 Euro Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Council of Europe Development Bank (the "**Issuer**" or the "**Bank**"), an international organisation, may from time to time issue debt instruments (the "**Notes**"). Application has been made for the Notes issued under the Programme to be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange on an issue by issue basis from the date hereof. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). Application may also be made for Notes to be admitted to listing, trading and/or quotation on or by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer, subject to approval by the relevant authorities.

In accordance with the Prospectus Directive (Directive 2003/71/EC, as amended or superseded), no prospectus is required in connection with the issuance of Notes described in this Offering Circular.

Prospective investors should have regard to the risk factors described under the section "*Risk Factors*" in this Offering Circular. This Offering Circular does not describe all of the risks of an investment in the Notes.

*Arranger*

**BNP PARIBAS**

*Dealers*

**BNP PARIBAS  
HSBC  
Nomura**

**BofA Merrill Lynch  
Morgan Stanley  
RBC Capital Markets**

## IMPORTANT NOTICES

This document replaces the previous Offering Circular dated 15 November 2016 in its entirety.

The Issuer having made all reasonable enquiries confirms that this Offering Circular together with the relevant Pricing Supplement (as defined herein) contains all information which is material in the context of the issue of Notes by the Issuer, that the statements contained in this Offering Circular relating to the Issuer and the Notes to be issued by it are true and accurate in all material respects and not misleading in any material respect and that, to the best of the knowledge and belief of the Issuer, there are no other facts the omission of which would, in the context of the issue of the Notes, make any statement in this Offering Circular misleading in any material respect and that all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements and that the opinions and intentions expressed herein are honestly held. Accordingly, the Issuer accepts responsibility for the information contained in this Offering Circular.

This Offering Circular must be read in conjunction with all documents deemed to be incorporated by reference (see under "*Documents Incorporated by Reference*") and shall be construed accordingly.

No person has been authorised to give any information or to make any representation regarding the Issuer or the Notes other than as contained or incorporated by reference in this Offering Circular or in any published information or as approved for such purpose by the Issuer and, if given or made, any such information or representation should not be relied upon as having been authorised by the Issuer or the Dealers named under "*Subscription and Sale*" or any of them.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Notes shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or in respect of the Issuer since the balance sheet date of the most recent financial statements relating to it which are deemed to be incorporated into this Offering Circular by reference.

This Offering Circular may be used in connection with the listing of not more than EUR 25,000,000,000 in aggregate principal amount of Notes outstanding at any time (or the equivalent in any other currency at the date of the agreement for the issue of such Notes).

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular or any Pricing Supplement and other offering material relating to the Notes see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may include Notes in bearer form which 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, or for the account or benefit of, U.S. persons.

Neither the Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Arranger, the Dealers or any of them that any recipient of the Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigations and appraisal of the conditions (financial or otherwise) of the Issuer.

In this Offering Circular, references to "**EUR**" and "**Euro**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the Euro, as amended, references to "**U.S. Dollars**" or "**USD**" are to the lawful currency of the United States of America and references to "Renminbi", "**RMB**" or "**CNY**" are to the lawful currency of the People's Republic of China (the "**PRC**" or "**China**"), excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

## **MiFID II Product Governance/Target Market**

The Pricing Supplement in respect of any Notes may include a legend entitled "*MiFID II investment firms' product governance*" which will outline (i) the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority ("**ESMA**") on 5 February 2018, and (ii) the appropriate distribution channels for the Notes. Any person offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the determinations made in this legend; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

### **Product Classification Pursuant to Section 309B of the Securities and Futures Act (Chapter 289 of Singapore)**

The Pricing Supplement in respect of any Notes may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). Any such legend included on the relevant Pricing Supplement will constitute notice to "relevant persons" for the purposes of section 309B(1)(c) of the SFA.

### **Benchmarks Regulation**

Interest and/or other amounts payable under the Notes may be calculated by reference to an index or reference rate. If any such index or reference rate constitutes a benchmark (a "**Benchmark**") for the purposes of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"), the Pricing Supplement will specify the relevant Benchmark, the relevant administrator and indicate whether or not the administrator is included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. However, Article 51 (*Transitional provisions*) of the Benchmarks Regulation provides that providers already providing a Benchmark on 30 June 2016 have until 1 January 2020 to apply for authorisation or registration in accordance with Article 34 (*Authorisation and registration of an administrator*) of the Benchmarks Regulation and may continue to provide such an existing Benchmark until 1 January 2020 or, where the provider submits an application for authorisation or registration, unless and until such authorisation or registration is refused. Such transitional provisions may have the result that the administrator of a particular Benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Pricing Supplement. Additionally, certain Benchmarks and administrators may not fall within the scope of the Benchmarks Regulation. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any Pricing Supplement to reflect any change in the registration status of the administrator.

### **Stabilisation**

In connection with the issue of any Tranche (as defined in the "*Summary of the Programme*") of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) in the applicable Pricing Supplement (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail and will act as the central point responsible for handling any request from a competent authority and public disclosures of information, in each case as required by Article 6(5) of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be

conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and to form part of, this Offering Circular:

- (i) the most recent available audited financial statements of the Issuer beginning with such financial statements for the years ended 31 December 2016 and 31 December 2017; and
- (ii) any amendment or supplement to this Offering Circular,

except that any statement contained in this Offering Circular and any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in a document subsequently incorporated by reference in this Offering Circular modifies or supersedes that statement.

References to this "**Offering Circular**" shall be taken to mean this document and all the documents from time to time incorporated by reference herein and forming a part hereof.

References to websites in this Offering Circular are made as inactive textual references for informational purposes only; information found at such websites is not incorporated by reference in this Offering Circular.

The Issuer has undertaken, in connection with the listing of the Notes on the official list and the admission of the Notes to trading on the regulated market of the Luxembourg Stock Exchange, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the information set out under "*Terms and Conditions of the Notes*", that is material in the context of issuance under the Programme, the Issuer will prepare or procure the preparation of an amendment or supplement to the Offering Circular or, as the case may be, publish a new Offering Circular, for use in connection with any subsequent issue by the Issuer of Notes to be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

The Issuer will, at the specified offices of the Fiscal Agent and the Registrar, provide, free of charge, during normal business hours, upon the oral or written request therefore, a copy of this Offering Circular and any or all of the documents incorporated herein by reference. Written or oral requests for any such documents should be directed to or to the order of the Fiscal and the Registrar.

This Offering Circular and the documents incorporated herein by reference shall also be available to view on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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## SUMMARY OF THE PROGRAMME

*The following is a brief summary only and should be read in conjunction with the rest of this Offering Circular and, in relation to any Notes, in conjunction with the relevant Pricing Supplement and, to the extent applicable, the Terms and Conditions of the Notes set out herein.*

Words and expressions defined in the "*Terms and Conditions of the Notes*" below or elsewhere in this Offering Circular have the same meanings in this summary.

- Issuer:** Council of Europe Development Bank.
- Arranger:** BNP Paribas.
- Dealers:** BNP Paribas, HSBC Bank plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, RBC Europe Limited and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche (as defined below) of Notes.
- The Issuer may sell Notes issued under the Programme to institutions who do not become Dealers under the Programme.
- Fiscal Agent:** Deutsche Bank AG, London Branch.
- Registrar:** Deutsche Bank Luxembourg S.A.
- Luxembourg Listing Agent:** Deutsche Bank Luxembourg S.A.
- Initial Programme Amount:** EUR 25,000,000,000 (or its approximate equivalent in other currencies at the date of the agreement to issue any Tranche (as defined below) of Notes). The maximum aggregate principal amount of Notes permitted to be outstanding at any one time under the Programme is set out in the Offering Circular. The maximum aggregate principal amount of Notes which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement as defined under "*Subscription and Sale*".
- Issuance in Series:** Notes will be issued in series (each, a "**Series**"). Each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue price, issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
- Form of Notes:** Notes may be issued in bearer form or in registered form. In respect of each Tranche of Notes issued in bearer form, the Issuer will deliver a temporary global Note (a "**Temporary Global Note**") or (if so specified in the relevant Pricing Supplement in respect of Notes to which U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) or any successor regulation issued under section 4701(b) of the Internal Revenue Code, as amended (the "**Code**") that contains rules substantially identical to the rules that currently apply under Code section 163(F)(2)(B) (the "**TEFRA C Rules**") applies) a permanent global Note (a "**Permanent Global Note**"). Each Global Note (which expression includes a Temporary Global Note and a Permanent Global Note) which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Pricing Supplement, will be deposited on or before the relevant issue date therefor with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A.

("Clearstream") and/or any other relevant clearing system, and each Global Note which is intended to be issued in new global note form (a "New Global Note" or "NGN"), as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Notes in definitive bearer form ("Definitive Note") and/or (if so specified in the relevant Pricing Supplement) registered form in accordance with its terms ("Registered Notes"). Each Permanent Global Note will be exchangeable for Definitive Notes and/or (if so specified in the relevant Pricing Supplement) Registered Notes in accordance with its terms. (See further under "Provisions Relating to the Notes whilst in Global Form" below). Definitive Notes will, if interest-bearing, have interest coupons ("Coupons") attached and, if appropriate, a talon ("Talon") for further Coupons and will, if the principal thereof is repayable by instalments, have payment receipts ("Receipts") attached. Each Note issued in registered form shall represent the entire holding of Registered Notes by the same Holder. A Registered Note may be registered in the name of a nominee for one or more clearing systems and such a Note is referred to herein as a "Global Registered Note".

Each Note represented by a Global Registered Note will either be: (a) in the case of a Note which is not to be held under the new safekeeping structure ("New Safekeeping Structure" or "NSS"), registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream and/or any other relevant clearing system, and the relevant Global Registered Note will be deposited on or about the issue date with the common depository; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream.

- Currencies:** Notes may be denominated in any currency or currencies, including, without limitation, Euro, Japanese Yen, Sterling, Renminbi and United States Dollars, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Status:** Notes will be issued on an unsecured and unsubordinated basis, unless otherwise specified in the relevant Pricing Supplement.
- Issue Price:** Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Pricing Supplement. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
- Maturities:** Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Redemption:** Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement.
- Early Redemption:** Early Redemption will be permitted only to the extent specified in the relevant Pricing Supplement.

<b>Interest:</b>	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed or floating rate and may vary during the lifetime of the relevant Series.
<b>Denominations:</b>	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Taxation:</b>	Payments in respect of Notes will be made without gross-up for any present or future taxes, duties, assessments or governmental charges whatsoever.
<b>Listing and Admission to Trading:</b>	Each Series may be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation on or by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Pricing Supplement, or may be unlisted.
<b>Terms and Conditions:</b>	A Pricing Supplement will be prepared in respect of each Tranche of Notes a copy of which will, in the case of Notes to be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or to be admitted to listing, trading and/or quotation on or by any other listing authority, stock exchange and/or quotation system, be delivered to the Luxembourg Stock Exchange and/or any other such listing authority, stock exchange and/or quotation system on or before the date of issue of such Notes. The terms and conditions applicable to each Tranche will be those set out herein under " <i>Terms and Conditions of the Notes</i> " as supplemented, modified or replaced by the relevant Pricing Supplement.
<b>Enforcement of Notes in Global Form:</b>	In the case of Notes in global form, individual investors will have the benefit of a deed of covenant executed by the Issuer dated 15 November 2016 (the " <b>Deed of Covenant</b> ").
<b>Governing Law:</b>	The Notes, the Amended and Restated Dealership Agreement dated 12 December 2018 and the Amended and Restated Fiscal Agency Agreement dated 15 November 2016 entered into in connection with the Notes, the Deed of Covenant and all non-contractual obligations arising out of or in connection with the Notes, the Amended and Restated Dealership Agreement, the Amended and Restated Fiscal Agency Agreement and the Deed of Covenant are governed by, and shall be construed in accordance with, English law, to the extent that the application of English law does not derogate from the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe adopted on 6 March 1959 (the " <b>Third Protocol</b> "), or from the Articles of Agreement of the Issuer.
<b>Clearing Systems:</b>	Euroclear, Clearstream or any other clearing system as may be specified in the relevant Pricing Supplement.
<b>Selling Restrictions:</b>	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, France, Japan, the PRC, Hong Kong, Singapore and Luxembourg, see under " <i>Subscription and Sale</i> ". Further restrictions may be required in connection with any particular Tranche of Notes. Any such further restrictions will be specified in the relevant Pricing Supplement.
	For United States securities law and tax purposes only, the Issuer is a Category 2 issuer under Regulation S. In relation to Bearer Notes, TEFRA D will apply, unless TEFRA C is specified in the relevant Pricing

Supplement. Notes will be Rule 144A eligible if so specified in the relevant Pricing Supplement.

## **RISK FACTORS**

*This section does not describe all the risks of an investment in the Notes. Prospective purchasers should also read the detailed information set out elsewhere in this Offering Circular and consult their own professional advisers about the risks associated with investment in a particular series of Notes and the suitability of investing in those Notes in the light of their particular circumstances.*

### **Risks related to Structured Notes**

The Notes may be issued in the form of structured notes. Structured notes are Notes in relation to which principal and/or interest is linked to exchange rates, commodity prices, interest rates, credit events or other assets, indices, formulae or events or which may be redeemed early at the option of the Issuer.

An investment in structured notes may entail significant risks not associated with similar investments in conventional debt securities, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor could lose all or a substantial portion of the principal amount of its investment.

Historical values should not be taken as an indication of future values.

### **General risks related to the Notes**

#### ***Modification, waivers and substitution***

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

No consent or approval of Holders of Notes is required for a variation of the "*Terms and Conditions of the Notes*" applicable to such Notes and/or the Fiscal Agency Agreement in order to effect a Benchmark Amendment (as defined in "*Terms and Conditions of the Notes*").

#### ***There is no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes. Illiquidity may have a severely adverse effect on the market value of Notes. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

#### ***Because the Global Notes are held by or on behalf of Euroclear and/or Clearstream, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository or a common safekeeper for Euroclear and/or Clearstream. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and/or Clearstream will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository or common safekeeper (as applicable) for Euroclear and Clearstream or a nominee thereof for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and/or Clearstream to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

#### ***Discontinuation or Replacement of, or Changes to, Benchmarks***

The Programme provides for the possibility of the issuance of Notes with a floating rate of interest determined on the basis of Benchmarks, which could include the London Interbank Offered Rate ("**LIBOR**") or the Euro Interbank Offered Rate ("**EURIBOR**").

LIBOR, EURIBOR and other rates and indices which are deemed to be a Benchmark are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a Benchmark.

As regards the European Union, the Benchmarks Regulation was published in the Official Journal of the European Union on 29 June 2016 and applied from 1 January 2018 (with the exception of certain provisions specified in Article 59 (*Entry into force*) (mainly on critical benchmarks) that applied from 30 June 2016). The Benchmarks Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another Benchmark rate or index, in particular if the methodology or other terms of the relevant Benchmark are changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the rate or level, of the relevant Benchmark. In addition, the Benchmarks Regulation stipulates that each administrator of a Benchmark regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain Benchmarks will fail to obtain a necessary licence, preventing them from continuing to provide such Benchmarks. Other administrators may cease to administer certain Benchmarks because of the additional costs of compliance with the Benchmarks Regulation and other applicable regulations, and the risks associated therewith.

The UK Financial Conduct Authority (the "**FCA**") announced on 12 July 2018 that the LIBOR Benchmark may cease to be a regulated Benchmark under the Benchmarks Regulation (the "**FCA Announcement**"). The FCA Announcement indicates that steps are being taken to transition from the LIBOR Benchmark to alternative interest rate Benchmarks following the FCA's announcement on 27 July 2017 that it will no longer compel banks to submit rates for the calculation of the LIBOR Benchmark. The potential elimination of the LIBOR Benchmark could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to LIBOR. Any such consequences could have a material adverse effect on the value of, and return on, any such Notes.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer, or contribute to, certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, or referencing, a Benchmark.

Prospective investors in the Notes should in particular be aware that any of the reforms or pressures for reform described above or any other changes to a Benchmark could affect the rate or level of the relevant Benchmark, including to cause it to be lower and/or more volatile than it would otherwise be. They should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to, or referencing, a Benchmark. Moreover, any of the above matters or any other significant change to the setting or existence of LIBOR, EURIBOR or any other relevant Benchmark could affect the ability of the Issuer to meet its obligations under the floating rate Notes or could have a material adverse effect on the

value or liquidity of, and the amount payable under, the floating rate Notes. No assurance may be provided that relevant changes will not occur with respect to LIBOR, EURIBOR or any other relevant Benchmark and/or that such Benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

If a relevant Benchmark was discontinued or was otherwise unavailable, the rate of interest on the applicable Notes which are linked to, or reference, such Benchmark will be determined for the relevant period(s) by the fallback provisions applicable to such Notes. Depending on the manner in which the rate of interest is to be determined under "*Terms and Conditions of the Notes*", this may (i) be reliant upon the provision by reference banks of offered quotations for the Benchmark rate which, depending on market circumstances, may not be available at the relevant time with the result that such provisions may not operate as intended or (ii) result in the effective application of a fixed rate based on the rate which applied in the previous period when the relevant Benchmark was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any floating rate Notes which are linked to, or reference, a Benchmark.

If a Benchmark Event (as defined in "*Terms and Conditions of the Notes*") occurs, there is a possibility that the rate of interest could alternatively be set by reference to a Successor Rate or an Alternative Rate (each as defined in "*Terms and Conditions of the Notes*") and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant Benchmark. No consent or approval of the Holders of any relevant Notes is required for a variation of the "*Terms and Conditions of the Notes*" applicable to such Notes and/or the Fiscal Agency Agreement in order to effect a Successor Rate, Alternative Rate and/or adjustment spread (as applicable) pursuant to Condition 5.11.

The above-mentioned risks may also impact a wider range of indices and reference rates in the future. Investors in floating rate Notes which reference an index or reference rate should be mindful of the applicable interest rate fallback provisions applicable to such Notes and the adverse effect this may have on the value or liquidity of, and return on, any floating rate Notes which are linked to, or reference, an index or reference rate.

#### ***Change of law***

The Notes, all related contractual documentation and any non-contractual obligations arising out of or in connection with them are governed by English law (to the extent that the application of English law does not derogate from the Third Protocol or from the Articles of Agreement of the Issuer). No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Offering Circular.

#### ***Use of proceeds may not meet investors' sustainable investment criteria***

The Pricing Supplement relating to any specific Series of Notes may provide that the Bank intends to apply the proceeds from an offer of those Notes specifically to finance certain social, green or sustainable projects in certain areas of activity. In respect of any Notes issued with a specific use of proceeds, such as a "social inclusion bond", there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor.

Prospective investors should have regard to the information set out in the relevant Pricing Supplement regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Bank or any other person that the use of such proceeds for any social, green or sustainable projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements or meet investment criteria or guidelines with which such investor or its investments are required to comply or that no adverse social, green or other impacts will occur during the implementation of such projects. Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "social", "green", "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "social", "green", "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time.

In the event that any such Notes are listed or admitted to trading on any dedicated "social", "green" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Bank or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements or meets investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Bank or any other person that any such listing or admission to trading will be obtained or maintained in respect of any such Notes.

While it is the intention of the Bank to apply the proceeds of any such Notes to the projects specified in the relevant Pricing Supplement, there can be no assurance that the relevant projects or uses of proceeds from the Notes will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that such proceeds will be totally or partially disbursed for such projects. Nor can there be any assurance that such projects will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Bank. Any such event or failure by the Bank will not constitute an Event of Default under the Notes.

#### ***Risks relating to Notes denominated in Renminbi***

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") is set out below.

#### ***Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes***

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investments is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being developed.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China (the "**PBoC**") in 2018, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite the Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

#### ***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service the Renminbi Notes***

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBoC has entered into agreements (the "**Settlement Arrangements**") on the clearing of Renminbi business with financial institutions (the "**Renminbi Clearing**")

**Banks")** in a number of financial centres and cities, including but not limited to Hong Kong, has established the Cross-Border Inter-Bank Payment System (CIPS) to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC, although the PBoC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future in a way which will have the effect of restricting the availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

***Investment in the Renminbi Notes is subject to exchange rate risks***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. Dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

***Investment in the Renminbi Notes is subject to currency risk***

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

***Investment in the Renminbi Notes is subject to interest rate risks***

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

***Payments with respect to the Renminbi Notes may be made only in the manner designated in the Notes***

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global certificates held with the common depository or common safekeeper, as the case may be, for Clearstream, Euroclear or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement, (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority ("CMU"), by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or, (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement in accordance with prevailing rules and regulations or (iv) by transfer through the Cross-Border Interbank Payment System in accordance with relevant rules and regulations, if so specified in the Pricing Supplement. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

***Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws***

Under the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("EIT") or PRC individual income tax ("IIT") if such gain is regarded as income derived from sources within the PRC. The *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the PRC sourced gains derived by such non-PRC resident enterprise or individual Holder from the transfer of Renminbi Notes but its implementation rules have reduced the EIT rate to 10 per cent. The *PRC Individual Income Tax Law* levies IIT at a rate of 20 per cent. of the PRC sourced gains derived by such non-PRC resident or individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and thus become subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if enterprise or individual Holders which are non-PRC residents are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual Holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

## **USE OF PROCEEDS**

It is anticipated that the net proceeds of any issue of Notes will be used to finance the normal activities of the Issuer. If, in respect of any particular issue of Notes, there is a particular identified intended use of proceeds, this will be specified in the applicable Pricing Supplement.

## COUNCIL OF EUROPE DEVELOPMENT BANK

### Establishment and Duration

The Issuer was established on 16 April 1956 by the adoption of its Articles of Agreement by the Committee of Ministers of the Council of Europe, the decision-making body of the Council of Europe.

The Issuer has its origins in a Partial Agreement originally entered into between eight Council of Europe member states. As at 1 November 2018, 41 European states<sup>1</sup> are Member States of the Issuer. The operations, acts and contracts of the Issuer are governed by the Third Protocol, by the Articles of Agreement of the Issuer and regulations issued pursuant thereto. The Issuer's administrative headquarters are located at 55, avenue Kléber, 75116 Paris, France. The duration of the Issuer's activities is not limited.

### Objectives and Activities

The Issuer is a multilateral development bank with a social vocation. It is a key financial instrument of the Council of Europe's solidarity policy in Europe. All of the Issuer's activities are focused on reinforcing social cohesion within Europe; they complement the activities of the other intergovernmental financial institutions.

The Issuer was founded with the objective of financing social programmes related to the resettlement of refugees migrating to and between European countries in the aftermath of the Second World War. Since its foundation, the Issuer has adapted to changes in social priorities in Europe and has extended the scope of its activities, which now comprise three sectors of action: (i) sustainable and inclusive growth with emphasis on socially oriented components and particularly on public infrastructure with a social vocation, job creation and preservation, access to the labour market, housing and integration of vulnerable groups; (ii) integration of refugees, displaced persons and migrants; and (iii) climate action, developing mitigation and adaptation measures in this context. More specifically, these sectors of action cover the following areas: (i) aid to refugees, migrants, displaced persons and other vulnerable groups; (ii) social housing for low-income persons; (iii) improving living conditions in urban and rural areas; (iv) natural or ecological disasters; (v) protection of the environment; (vi) protection and rehabilitation of the historic and cultural heritage; (vii) health; (viii) education and vocational training; (ix) administrative and judicial infrastructure; (x) supporting micro, small and medium-sized enterprises (MSMEs) for the creation and preservation of viable jobs.

In order to finance projects serving these purposes, the Issuer grants or guarantees long-term loans to its Member States or institutions approved by them. Furthermore, it manages several special accounts for receiving voluntary contributions from states, the Issuer, the Council of Europe, the European Union and other international organisations; these contributions are used, as the case may be, to subsidise loans and to make grants.

Like other multilateral financial institutions, the Issuer has adopted a policy of not rescheduling interest or principal payments on its loans or participating in debt rescheduling agreements.

### Resources

The Issuer's subscribed capital and accumulated reserves constitute the basis for its operations since it does not receive any regular contributions from its Member States. It raises funds on the capital markets essentially by way of public issues and private placements of notes. Established in 1956 with a subscribed capital of Euro 5.7 million, the Issuer had a subscribed capital of Euro 5.47 billion as at 31 December 2017.

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<sup>1</sup> Albania, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Holy See, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Republic of Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, "the former Yugoslav Republic of Macedonia", Turkey.

## Management

The Issuer is organised, administered and supervised by the following organs:

- the Governing Board, comprising a Chairman and one representative per Member State;
- the Administrative Council, also comprising a Chairman and one representative per Member State;
- the Governor, Mr Rolf Wenzel, who is assisted by one or more Vice-Governors; and
- the Auditing Board, which has three members appointed by the Governing Board, chosen from among the Member States on a rotating basis.

## Legal Position of the Issuer

The Issuer is attached to the Council of Europe and administered under its supreme authority but is legally separate and financially autonomous from it. The Issuer is solely responsible for its own indebtedness. By virtue of the Third Protocol the Issuer possesses its own juridical personality and, in particular, the capacity to enter into contracts, acquire and dispose of immovable and movable property, institute legal proceedings and carry out any transaction related to its statutory purposes. In addition to the Third Protocol, the Articles of Agreement and regulations issued pursuant thereto, a national law may be applied to the operations, acts and contracts of the Issuer in a particular case, **provided that** the Issuer expressly agrees thereto and that such law does not derogate from the Third Protocol or from the Articles of Agreement. Pursuant to the Third Protocol the Issuer is, notwithstanding certain exceptions, subject to the jurisdiction of the courts of its Member States and of those states where the Issuer has contracted or guaranteed loans.

## Privileges and Immunities of the Issuer

Pursuant to the Third Protocol, the Issuer enjoys in its Member States, *inter alia*, the following privileges and immunities:

- (a) immunity of its property and assets from all forms of seizure, attachment or execution before the delivery against the Issuer of a final enforceable judgment rendered by a court of competent jurisdiction;
- (b) immunity of its property and assets from search, requisition, confiscation, expropriation or any other form of distraint by executive or legislative action;
- (c) freedom of its property and assets from restrictions, regulations, controls and moratoria of any nature;
- (d) the right to hold currency of any kind and operate accounts in any currency and to freely transfer its funds from one country to another or within any country and to convert any currency held by it into any other currency; and
- (e) exemption from all direct and certain indirect taxes.

## Membership

In accordance with the Articles of Agreement, members of the Issuer may include:

- (a) any member state of the Council of Europe;
- (b) a European state which is not a member of the Council of Europe upon authorisation by the Issuer's Governing Board; and
- (c) international institutions with a European focus upon authorisation by the Issuer's Governing Board.

Membership is acquired by accepting the Articles of Agreement and subscribing to the participating certificates; such certificates are issued in denominations of Euro 1,000 each. Each Member State of the Issuer has one vote in the Governing Board and in the Administrative Council for each participating

certificate held by it. Member States of the Issuer are not liable to third parties for any of the Issuer's obligations. Any Member State of the Issuer may withdraw from the Issuer by giving notice of six months prior to the end of the then current calendar year on conditions laid down by the Governing Board.

**Further Information**

Further information on the Issuer can be found on its website: [www.coebank.org](http://www.coebank.org).

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which, as supplemented, modified or replaced in relation to any Notes by the relevant Pricing Supplement, will be applicable to each Series of Notes:*

The Notes are issued pursuant to and in accordance with an Amended and Restated Fiscal Agency Agreement dated 15 November 2016 (as amended, supplemented or replaced, the "**Fiscal Agency Agreement**") and made between Council of Europe Development Bank (the "**Issuer**"), Deutsche Bank AG, London Branch in its capacity as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall include any successor to Deutsche Bank AG, London Branch in its capacity as such; with references in these Terms and Conditions to "**Paying Agents**" being to the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement) and Deutsche Bank Luxembourg S.A. as principal registrar (the "**Registrar**", which expression shall include any successor to Deutsche Bank Luxembourg S.A. in its capacity as such and any substitute or additional registrars appointed in accordance with the Fiscal Agency Agreement). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series (as defined below) of Notes, the Issuer may appoint a calculation agent (the "**Calculation Agent**") for the purposes of such Notes, in accordance with the provisions of the Fiscal Agency Agreement, and such Calculation Agent shall be specified in the applicable Pricing Supplement.

The Notes have the benefit of a deed of covenant dated 15 November 2016 (as amended, supplemented or replaced, the "**Deed of Covenant**") executed by the Issuer in relation to the Notes. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection, free of charge, during normal business hours at the specified office of each of the Fiscal Agent and the Registrar. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provision of the Fiscal Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Notes. Each Tranche will be the subject of a pricing supplement (each, a "**Pricing Supplement**"), a copy of which will be available for inspection during normal business hours at the specified office of the Fiscal Agent and/or, as the case may be, the Registrar. In the case of a Tranche of Notes in relation to which application has not been made for listing, trading and/or quotation on or by any listing authority, stock exchange and/or quotation system, copies of the Pricing Supplement will only be available for inspection by a Holder of such Notes. References in these Terms and Conditions to Notes are to Notes of the relevant Series and any references to Coupons (as defined in Condition 1.2) and Receipts (as defined in Condition 1.3) are to Coupons and Receipts relating to Notes of the relevant Series.

References in these Terms and Conditions to the Pricing Supplement are to the Pricing Supplement or Pricing Supplement(s) prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as completed, supplemented or modified or (to the extent thereof) replaced by the Pricing Supplement.

### 1. **Form and Denomination**

#### *Form of Notes*

- 1.1 Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), as specified in the Pricing Supplement, and are serially numbered. Registered Notes are not exchangeable for Bearer Notes.
- 1.2 Interest-bearing Bearer Notes have attached thereto at the time of their initial delivery coupons ("**Coupons**"), the presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, if so specified in the Pricing Supplement, such Notes have attached thereto at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.
- 1.3 Bearer Notes, the principal amount of which is repayable by instalments ("**Instalment Notes**") have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

### *Denomination of Bearer Notes*

- 1.4 Bearer Notes are in the Specified Denomination or Specified Denominations (each of which Specified Denomination is integrally divisible by each smaller Specified Denomination) specified in the Pricing Supplement. Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination. For the purposes of these Terms and Conditions, "**Specified Denomination**" shall have the meaning given to it in the relevant Pricing Supplement.

### *Denomination of Registered Notes*

- 1.5 Registered Notes are in the minimum denomination specified in the Pricing Supplement (the "**Minimum Denomination**") or integral multiples thereof.

### *Currency of Notes*

- 1.6 The Notes are denominated in such currency as may be specified in the Pricing Supplement. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

### *Partly Paid Notes*

- 1.7 Notes may be issued on a partly paid basis ("**Partly Paid Notes**") if so specified in the Pricing Supplement. The subscription moneys therefor shall be paid in such number of instalments ("**Partly Paid Instalments**") in such amounts, on such dates and in such manner as may be specified in the Pricing Supplement. The first such instalment shall be due and payable on the date of issue of the Notes. For the purposes of these Terms and Conditions, in respect of any Partly Paid Note, "**Paid Up Amount**" means the aggregate amount of all Partly Paid Instalments in respect thereof as shall have fallen due and been paid up in full accordance with the Terms and Conditions.

Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly Paid Instalment (other than the first such instalment) the Issuer shall publish a notice in accordance with Condition 13 stating the due date for payment thereof and stating that failure to pay any such Partly Paid Instalment on or prior to such date will entitle the Issuer to forfeit the Notes with effect from such date ("**Forfeiture Date**") as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly Paid Instalment), unless payment of the relevant Partly Paid Instalment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly Paid Instalments paid in respect of any Notes subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly Paid Instalment so returned.

Interest shall accrue on any Partly Paid Instalment which is not paid on or prior to the due date for payment thereof at the Interest Rate (in the case of non-interest bearing Notes, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Notes for the period from and including the due date for payment of the relevant Partly Paid Instalment up to but excluding the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly Paid Instalments made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day as defined in Condition 5.9).

Unless an Event of Default (or an event which with the giving of notice and/or the lapse of time and/or the making or giving of any determination or certification would constitute an Event of Default) shall have occurred and be continuing, on the Forfeiture Date, the Issuer shall forfeit all of the Notes in respect of which any Partly Paid Instalments shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly Paid Instalments previously paid in respect of such Notes and shall be discharged from any obligation to repay such amount or to pay interest thereon.

## 2. **Title and Transfer**

- 2.1 Title to Bearer Notes, Receipts and Coupons passes by delivery. References herein to the "**Holders**" of Bearer Notes or of Receipts or Coupons are to the bearers of such Bearer Notes or such Receipts or Coupons.

- 2.2 Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the "**Holders**" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.
- 2.3 The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

*Transfer of Registered Notes and exchange of Bearer Notes for Registered Notes*

- 2.4 A Registered Note may, upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement, be transferred in whole or in part only (**provided that** such part is, or is an integral multiple of, the Minimum Denomination specified in the Pricing Supplement) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.
- 2.5 If so specified in the Pricing Supplement, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Fiscal Agent or the Registrar together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the Exchange Date (as defined in Condition 2.6) where the Exchange Date would, but for the provisions of Condition 2.6, occur between the Record Date (as defined in Condition 8B.3) for such payment of interest and the date on which such payment of interest falls due.
- 2.6 Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the Transfer Date or, as the case may be, the Exchange Date be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar until the day following the due date for such payment. For the purposes of these Terms and Conditions,
- (i) "**Relevant Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Fiscal Agent, in the place where the specified office of the Fiscal Agent is located;
  - (ii) the "**Exchange Date**" shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.5; and
  - (iii) the "**Transfer Date**" shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4.
- 2.7 The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Fiscal Agent or the Registrar but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Fiscal Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

2.8 Upon the transfer, exchange or replacement of Registered Notes bearing the private placement legend (the "**Private Placement Legend**") set forth in the form of Registered Note scheduled to the Fiscal Agency Agreement, the Registrar shall deliver only Registered Notes that also bear such legend unless either (i) such transfer, exchange or replacement occurs three or more years after the later of (1) the original issue date of such Notes or (2) the last date on which the Issuer or any affiliates (as defined below) of the Issuer as notified to the Registrar by the Issuer as provided in the following sentence, was the beneficial owner of such Note (or any predecessor of such Note) or (ii) there is delivered to the Registrar an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its "**affiliates**" (as defined in paragraph (a)(1) of Rule 144 under the Securities Act of 1933, as amended (the "**Securities Act**")) not to acquire any beneficial interest, in any Registered Note bearing the Private Placement Legend unless it notifies the Registrar of such acquisition. The Registrar and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

2.9 For so long as any of the Registered Notes bearing the Private Placement Legend remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder in connection with any sale thereof and any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144(d)(4) under the Securities Act.

### 3. **Status of the Notes**

Subject to Condition 4 below, the Notes and Coupons (if any) constitute direct, unsubordinated (unless otherwise specified in the applicable Pricing Supplement), unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves and equally with all other unsecured unsubordinated indebtedness for borrowed money of the Issuer represented by notes, bonds or other securities.

### 4. **Negative Pledge**

So long as any Note remains outstanding the Issuer undertakes that it will not create any mortgage, pledge or other charge upon, or with respect to, any of its present or future assets or revenues to secure any money borrowed represented by any unsubordinated notes, bonds or other securities which are quoted, listed or ordinarily dealt in on any stock exchange or other organized securities market, or any guarantee thereof, unless the Issuer shall simultaneously therewith or prior thereto, take any and all action necessary to procure that all amounts payable under the Notes and Coupons are secured equally and rateably with such other security, provided however, that the foregoing shall not apply to: (i) any lien created as security for the payment of such indebtedness or guarantee incurred for the purpose of financing or refinancing the purchase of any property, (ii) any lien arising in the ordinary course of business and securing a debt maturing not more than one year after the date on which it is originally incurred, or (iii) any extension or renewal of the foregoing

### 5. **Interest**

#### ***Interest***

5.1 Notes may be interest-bearing or non-interest-bearing, as specified in the Pricing Supplement. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the Pricing Supplement shall have the meanings given to them in Condition 5.9.

#### ***Fixed Rate Notes***

5.2 Each fixed rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum

equal to the Interest Rate(s) payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount(s) so specified.

As used in these Terms and Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Interest Rate to each Specified Denomination (in the case of Bearer Notes) or Minimum Denomination (in the case of Registered Notes), multiplying such sum by the applicable Day Count Fraction, and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

### ***Floating Rate Notes***

5.3 If Screen Rate Determination is specified in the Pricing Supplement relating to floating rate Notes as the manner in which the Interest Rate(s) is/are to be determined, the Pricing Supplement shall specify the offered rate for deposits (the "**Reference Rate**") and the Relevant Screen Page, and the Interest Rate applicable to the relevant Notes for each Interest Period shall be determined, subject to Condition 5.11, by the Calculation Agent on the following basis:

- (i) the Calculation Agent will determine the Reference Rate (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the Reference Rate) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if, on any Interest Determination Date, no such Reference Rate so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market (or, in the case of Notes denominated or payable in Euro, in the Euro-zone interbank market), reasonably selected by the Calculation Agent, at approximately the Relevant Time on the Interest Determination Date to prime banks in the London interbank market (or, in the case of Notes denominated or payable in Euro, in the Euro-zone interbank market) for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;
- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic means (rounded as aforesaid) of the rates so quoted; or
- (iv) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (or, in the case of Notes denominated in Euro, in such financial centre or centres in the Euro-zone as the Calculation Agent may select) selected by the Calculation Agent, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time, and the Interest Rate applicable to such Notes during each Interest Period will be the sum of the relevant margin (the "**Margin**") specified in the Pricing Supplement and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) so determined provided, however,

that, if the Calculation Agent is unable to determine a rate (or, as the case may be, an arithmetic mean of rates) in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to such Notes during such Interest Period will be the sum of the Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) determined in relation to such Notes in respect of the last preceding Interest Period.

#### ***ISDA Determination***

- 5.4 If ISDA Determination is specified in the relevant Pricing Supplement relating to floating rate Notes as the manner in which the Interest Rate(s) is/are to be determined, subject to Condition 5.11, the Interest Rate applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.

#### ***Maximum or Minimum Interest Rate***

- 5.5 If any Maximum or Minimum Interest Rate is specified in the Pricing Supplement, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

Even where no Minimum Interest Rate is specified in the Pricing Supplement, the Interest Rate shall in no event be less than zero unless the relevant Pricing Supplement explicitly provides for the possibility of a negative Interest Rate.

#### ***Accrual of Interest***

- 5.6 Interest shall accrue on the Outstanding Principal Amount of each Note during each Interest Period from the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefor (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.9) or the relevant Instalment Amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgement) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Pricing Supplement until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 13 that the Fiscal Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

#### ***Interest Amount(s), Calculation Agent and Reference Banks***

- 5.7 If a Calculation Agent is specified in the Pricing Supplement, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on

such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate the amount(s) of interest payable (the "**Interest Amount(s)**") in respect of each Specified Denomination of the Notes (in the case of Bearer Notes) and the Minimum Denomination (in the case of Registered Notes) for the relevant Interest Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Registrar (in the case of Registered Notes), the Issuer, the Holders in accordance with Condition 13 and, if the Notes are admitted to listing, trading and/or quotation on or by any listing authority, stock exchange and/or quotation system and the rules of such listing authority, stock exchange and/or quotation system so requires, such listing authority, stock exchange and/or quotation system as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the listing authority, stock exchange and/or quotation system, the time required by the relevant listing authority, stock exchange and/or quotation system. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of an Interest Period or the Interest Period. If the Notes become due and payable under Condition 7, the Interest Rate and the accrued 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 Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Notes and a Calculation Agent, if provision is made for one in the Terms and Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint a leading bank engaged in the reference market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

#### *Calculations and Adjustments*

- 5.8 The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the Outstanding Principal Amount by the Day Count Fraction, save that (i) if the Pricing Supplement specifies a specific amount in respect of such period, the amount of interest payable in respect of such Note for such period will be equal to such specified amount and (ii) where any Interest Period comprises two or more Interest Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Periods.

For the purposes of calculations referred to in these Terms and Conditions (unless otherwise specified in the Pricing Supplement, (a) all percentages resulting from such calculations will be rounded if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amount used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## **Definitions**

- 5.9 **"Applicable Business Day Convention"** means the "Business Day Convention" which may be specified in the Pricing Supplement as applicable to any date in respect of the Notes. Where the Pricing Supplement specifies "No Adjustment" in relation to any date, such date shall not be adjusted in accordance with any Business Day Convention. Where the Pricing Supplement fails either to specify an applicable Business Day Convention or "No Adjustment" for the purposes of an Interest Payment Date or an Interest Period End Date then, in the case of fixed rate Notes, "No Adjustment" shall be deemed to have been so specified and, in the case of floating rate Notes, the Modified Following Business Day Convention shall be deemed to have been so specified. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Notes.

**"Additional Business Centre"** means the city or cities specified as such in the relevant Pricing Supplement.

**"Banking Day"** means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city.

**"Business Day"** means (i) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre, (ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments, or (iii) in relation to any sum payable in a currency other than Euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in London, in the Relevant Financial Centre of the relevant currency and in each (if any) Additional Business Centre.

**"Business Day Convention"** means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Pricing Supplement in relation to any date applicable to any Notes, shall have the following meanings:

- (i) **"Following Business Day Convention"** means that such date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that such date shall be brought forward to the first preceding day that is a Business Day; and
- (iv) **"FRN Convention"** or **"Eurodollar Convention"** means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Pricing Supplement after the calendar month in which the preceding such date occurred **provided that:**
  - (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a

Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Terms and Conditions or the relevant Pricing Supplement and:

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the 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);
- (iii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

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

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

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

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

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

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30";

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**EUR**" and "**Euro**" mean the currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended.

"**Euro-zone**" means the zone comprising the Member States of the European Union that participate or are participating in European Monetary Union and that adopt or have adopted the Euro as their lawful currency.

"**ICSD**" means Clearstream Banking S.A. and Euroclear Bank SA/NV;

"**Interest Commencement Date**" means the date of issue of the Notes (as specified in the Pricing Supplement) or such other date as may be specified as such in the Pricing Supplement.

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in the Pricing Supplement prior to the first day of such Interest Period, or if none is specified:

- (i) in the case of Notes denominated in Pounds Sterling, the first day of such Interest Period;  
or
- (ii) in any other case, the date falling two London Banking Days prior to the first day of such Interest Period.

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day Convention or if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as being the Interest Period, each of such dates as may occur in accordance with FRN Convention at such specified period of calendar months following the date of issue of the Notes (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

"**Interest Period**" means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date **provided always that** the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity.

"**Interest Period End Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day Convention or, if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as the Interest Period, such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Pricing Supplement, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Notes.

"**Interest Rate**" means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement.

"**ISDA Definitions**" means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc and amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series, as specified in the Pricing Supplement.

"**Maturity Date**" has the meaning given in the relevant Pricing Supplement.

"**Outstanding Principal Amount**" means, in respect of a Note, its principal amount less, in respect of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.6 or, in the case of a Partly Paid Note, the Paid Up Amount of such

Note or otherwise as indicated in the Pricing Supplement except that the Paid Up Amount shall be deemed to be nil for Notes which have been forfeited by the Issuer on or after the Forfeiture Date as provided for in Condition 1.7.

"**Reference Banks**" means such banks as may be specified in the Pricing Supplement as the Reference Banks or, if none are specified, "**Reference Banks**" has the meaning given in the ISDA Definitions, *mutatis mutandis*.

"**Regular Period**" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Financial Centre**" means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of "**Business Day**" in the ISDA Definitions, as modified or supplemented in the Pricing Supplement.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

"**Relevant Time**" means the time as of which any rate is to be determined as specified in the Pricing Supplement or, if none is specified, at which it is customary to determine such rate.

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System which utilises a single shared platform and which was launched on 19 November 2007.

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in Euro.

#### ***Non-Interest Bearing Notes***

- 5.10 If any Redemption Amount (as defined in Condition 6.9) or Instalment Amount in respect of any Note which is non-interest bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation Yield defined in, or determined in accordance with the provisions of, the Pricing Supplement or at such other rate as may be specified for this purpose in the Pricing Supplement until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent or, as the case

may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 13 that the Fiscal Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.8 as if the Interest Rate was the Amortisation Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Pricing Supplement or, if not so specified, 30E/360 (as defined in Condition 5.9).

### ***Benchmark Discontinuation***

- 5.11 Notwithstanding the provisions above, if a Benchmark Event occurs in relation to an Original Reference Rate applicable to any floating rate Notes when any Interest Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 5.11 shall apply.

(a) *Independent Adviser*

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable (but no later than 5 Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period), with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with paragraph (b) below) and, in either case, an Adjustment Spread if any (in accordance with paragraph (c) below) and any Benchmark Amendments (in accordance with paragraph (d) below).

(b) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph (c) below) subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 5.11); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph (c) below) subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 5.11).

(c) *Adjustment Spread*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.11 and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Terms and Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with paragraph (e) below, without any requirement for the consent or approval of Holders, vary these Terms and Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this paragraph (d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) *Notices, etc.*

Any Successor Rate, Alternative Rate or Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5.11 will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 13, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any, and will be binding on the Issuer, the Calculation Agent, the Paying Agents and the Holders.

(f) *Survival of Original Reference Rate*

Without prejudice to paragraphs (a) to (e) above, the Original Reference Rate and the fallback provisions provided for in Conditions 5.3 and 5.4 will continue to apply unless and until notification of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, has been made in accordance with paragraph (e) above.

(g) *Definitions*

As used in this Condition 5.11:

**"Adjustment Spread"** means either a spread (which may be positive or negative) or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being in customary market usage in the debt capital market for transactions or being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer determines that no such customary market usage and no such industry standard is recognised or acknowledged)
- (iii) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

**"Alternative Rate"** means an alternative benchmark or screen rate which the Issuer determines in accordance with paragraph (b) above has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

**"Benchmark Event"** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means that the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (v) it has, or will prior to the next Interest Determination Date, become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other relevant party to calculate any payments due to be made to any Holder using the Original Reference Rate.

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer (at its own expense) under paragraph (a) above.

**"Original Reference Rate"** means the originally-specified benchmark or screen rate (as applicable) used to determine the Interest Rate (or any component thereof) on the Notes.

**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## 6. **Redemption and Purchase**

### *Redemption at Maturity*

- 6.1 Unless previously redeemed, or purchased and cancelled or unless such Note is stated in the Pricing Supplement as having no fixed maturity date, each Note shall be redeemed at its maturity redemption amount (the "**Maturity Redemption Amount**") (which shall be its Outstanding Principal Amount or such other redemption amount as may be specified in or determined in accordance with the Pricing Supplement) (or, in the case of Instalment Notes, in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement) on the date or dates (or, in the case of Notes which bear interest at a floating interest rate, on the date or dates upon which interest is payable) specified in the Pricing Supplement.

### *Optional Early Redemption (Call)*

- 6.2 If this Condition 6.2 is specified in the Pricing Supplement as being applicable, then the Issuer may, having given the appropriate notice and subject to such conditions as may be specified in the Pricing Supplement, redeem all (but not, unless and to the extent that the Pricing Supplement specifies otherwise, some only) of the Notes of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their Outstanding Principal Amount, or in the case of Notes which are non-interest bearing, their Amortised Face Amount (as defined in Condition 6.10) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon on the date specified in such notice.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.5.

6.3 The appropriate notice referred to in Condition 6.2 is a notice given by the Issuer to the Holders of the Notes of the relevant Series in accordance with Condition 13, which notice shall be irrevocable and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Note or Permanent Global Note) the serial numbers of the Notes of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than thirty days nor more than sixty days (or such other period as may be specified in the applicable Pricing Supplement) after the date on which such notice is given and which shall be such date or the next of such dates ("**Call Option Date(s)**") or a day falling within such period ("**Call Option Period**"), as may be specified in the Pricing Supplement and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Notes are to be redeemed.

*Partial Redemption*

6.4 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 6.2:

- in the case of Bearer Notes, the Notes to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair; and
- in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) pro rate to their principal amounts, **provided that** the amount redeemed in respect of each Note shall be equal to the Minimum Denomination thereof or an integral multiple thereof,

subject always to compliance with all applicable laws, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.9 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

*Optional Early Redemption (Put)*

6.5 If this Condition 6.5 is specified in the Pricing Supplement as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the "**Early Redemption Amount (Put)**") (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.10) or other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates ("**Put Date(s)**") or a day falling within such period ("**Put Period**") as may be specified in the Pricing Supplement), deposit the relevant Note (together, in the case of an interest-bearing Note in bearer form, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 8A.6 apply)) during normal business hours at the specified office of, in the case of a

Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar together with a duly completed early redemption notice ("**Put Notice**") in the form which is available from the specified office of any of the Paying Agents, the Registrar specifying, in the case of a Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be the Minimum Denomination specified in the Pricing Supplement or an integral multiple thereof). No Note so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement).

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.9 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 6.2.

#### ***Purchase of Notes***

- 6.6 The Issuer may at any time purchase Notes in the open market or otherwise and at any price **provided that**, in the case of interest-bearing Notes, all unmatured Receipts, Coupons and unexchanged Talons appertaining thereto are surrendered therewith. Notes purchased by the Issuer in accordance with this Condition 6.6 may, at the option of the Issuer, be held, re-sold or surrendered to any Paying Agent for cancellation. If purchases are made by public tender, tenders must be available to all Holders of Notes of the relevant Series alike.

#### ***Cancellation of Redeemed and Purchased Notes***

- 6.7 All unmatured Notes and Coupons and unexchanged Talons redeemed or purchased in accordance with this Condition 6 may be cancelled, reissued or resold.

#### ***Further Provisions applicable to Redemption Amount and Instalment Amounts***

- 6.8 The provisions of Condition 5.7 and the last paragraph of Condition 5.8 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Pricing Supplement to be made by the Calculation Agent (as defined on Condition 5.9).
- 6.9 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement.
- 6.10 In the case of any Note which is non-interest bearing, the "**Amortised Face Amount**" shall be an amount equal to the sum of:
- (i) the Issue Price specified in the Pricing Supplement; and
  - (ii) the product of the Amortisation Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Pricing Supplement to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.9) specified in the Pricing Supplement for the purposes of this Condition 6.10.

- 6.11 In the case of any Note which is non-interest bearing, if any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.10 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Note becomes due and repayable were replaced by references to the earlier of:

- (i) the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made; and
- (ii) (except where presentation or surrender of the relevant Note is not required as a precondition of payment) the seventh day after the date on which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Conditions 13 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

## 7. **Events of Default**

7.1 Unless otherwise specified in the relevant Pricing Supplement, the following events or circumstances (each an "**Event of Default**") shall be acceleration events in relation to the Notes of any Series, namely:

- (a) default is made in the payment in full of any principal or interest due on the Notes or any of them on the due date and such default continues for a period of thirty days; or
- (b) the Issuer fails to perform or observe any of its other obligations under any of the Notes and such failure continues for the period of ninety days next following the service by the relevant Holder on the Issuer of notice requiring the same to be remedied; or
- (c) the Issuer shall become insolvent or be liquidated under Article XV Section 3 of its Articles of Agreement or otherwise cease to exist.

7.2 If any Event of Default shall occur in relation to any Series of Notes, any Holder of Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Fiscal Agent, declare that such Note and (if the Note is interest-bearing) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same will become immediately due and payable at its early termination amount (the "**Early Termination Amount**") (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.10) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with all interest (if any) accrued thereon unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

## 8. **Payments**

### 8A ***Payments – Bearer Notes***

8A.1 This Condition 8A is applicable to Bearer Notes.

8A.2 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Bearer Notes to or to the order of the Paying Agents.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note which is a Note with Receipts will be made against presentation of the Note together with (where applicable) the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

- 8A.3 Payment of amounts in respect of interest on Bearer Notes will be made:
- (i) in the case of Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Notes to or to the order of the Paying Agents outside (unless Condition 8A.4 applies) the United States; and
  - (ii) in the case of Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Notes, in either case to or to the order of the Paying Agents outside (unless Condition 8A.4 applies) the United States.
- 8A.4 Payments of amounts due in respect of interest on the Notes and exchanges of Talons for Coupon sheets in accordance with Condition 8A.7 will not be made at the specified office of any Paying Agent, or any nominee of any Paying Agent, in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents or any nominee of any Paying Agent, outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law. If paragraphs (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.
- 8A.5 If the due date for payment due in respect of any Note is not a Relevant Financial Centre Day and a Local Banking Day (each as defined in Condition 8C.4), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, (or as otherwise specified in the Pricing Supplement) and from such day and thereafter will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and (in case of a currency other than Renminbi) will be entitled to receive payment by cheque on any Local Banking Day and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, if appropriate, Condition 5.10.
- 8A.6 Each Note initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:
- (i) if the Pricing Supplement specifies that this paragraph (i) of Condition 8A.6 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Notes which bear interest at a fixed rate or rates or in fixed amounts) and subject as herein after provided, the amount of any missing un-matured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;
  - (ii) if the Pricing Supplement specifies that this paragraph (ii) of Condition 8A.6 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Notes which bear interest at a floating rate or rates or in variable amounts) all un-matured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;

- (iii) in the case of Notes initially delivered with Talons attached thereto, all un-matured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and
- (iv) in the case of Notes initially delivered with Receipts attached thereto, all Receipts relating to such Notes in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 8A.6 notwithstanding, if any Notes should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Note without any un-matured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Note, such un-matured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the un-matured Coupons relating to a Note to become void, the relevant Paying Agent shall determine which un-matured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

8A.7 In relation to Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered to or to the order of the Paying Agent outside (unless Condition 8A.4 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9 below. Each Talon shall, for the purpose of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

8B *Payments – Registered Notes*

8B.1 This Condition 8B is applicable to Registered Notes.

8B.2 Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the specified office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Note is not a Relevant Financial Centre Day (as defined in Condition 8C.4), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to payment by transfer to a designated account on any date which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and (in case of a currency other than Renminbi) will be entitled to receive payment by cheque on any Local Banking Day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

8B.3 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.6) before the due date for such payment (the "**Record Date**").

8B.4 Notwithstanding the provisions of Condition 8C.2, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be made in the currency (for the avoidance of doubt, such currency shall be a currency other than Renminbi) in which such amount is due by cheque and posted to the address (as recorded in the register held

by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 2.6) not later than the relevant due date for payment unless prior to the relevant Record Date of the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. Where any amount due in respect of Registered Notes is to be made in Renminbi, such payment shall only be made on the relevant due date for payment (subject to adjustment in accordance with the applicable Business Day Convention) by transfer to a designated account denominated in Renminbi as notified to and accepted by the Registrar or, failing notification, as recorded in the register held by the Registrar. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Centre Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

**8C *Payments – General Provisions***

8C.1 Save as otherwise specified in these Terms and Conditions, this Condition 8C is applicable in relation to Notes whether in bearer or in registered form.

8C.2 Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due (a) by cheque or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee, unless the currency in which such amount is due is Renminbi and in that case payment will only be made by transfer to an account denominated in Renminbi specified by the payee. Payments will be subject in all cases to any applicable fiscal or other laws and regulations.

**8C.3 *Payment of U.S. Dollar Equivalent***

Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able, or it would be impracticable for it, to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in Hong Kong, the Issuer may, on giving not less than five and not more than 30 days' irrevocable notice to the Fiscal Agent and the Holders prior to the due date for payment, settle any such payment (in whole or in part) in U.S. Dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

The RMB Calculation Agent, as soon as practicable after 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, will determine the Spot Rate and the U.S. Dollar Equivalent amount, and cause the Spot Rate and U.S. Dollar Equivalent amount to be notified to the Fiscal Agent, the Registrar (in the case of Registered Notes), the Issuer, the Holders in accordance with Condition 13 and, if the Notes are admitted to listing, trading and/or quotation on or by any listing authority, stock exchange and/or quotation system and the rules of such listing authority, stock exchange and/or quotation system so requires, such listing authority, stock exchange and/or quotation system as soon as possible after their determination or calculation but in no event later than one Hong Kong and New York Banking Day thereafter or, if earlier in the case of notification to the listing authority, stock exchange and/or quotation system, the time required by the relevant listing authority, stock exchange and/or quotation system.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8C.3 (*Payment of U.S. Dollar Equivalent*) by the RMB Calculation Agent, will (in absence of wilful default or manifest error) be binding on the Issuer, the Fiscal Agent, the Registrar (in the case of Registered Notes), the Paying Agents and all Holders.

8C.4 For the purposes of these Terms and Conditions:

- (i) "**CNY Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;
- (ii) "**Governmental Authority**" means any *de facto or de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;
- (iii) "**Illiquidity**" means a situation (as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two CNY Dealers) where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes;
- (iv) "**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after 12 December 2018 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);
- (v) "**Local Banking Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note, or as the case may be, Coupon;
- (vi) "**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after 12 December 2018 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);
- (vii) "**Rate Calculation Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City;
- (viii) "**Rate Calculation Date**" means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Terms and Conditions;
- (ix) "**Relevant Date**" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent, or as the case may be, the Registrar on or prior to such due date, it means the first date on which, the full amount of such moneys having been so receiving and being available for paying to Holders of Notes and Coupons, notice to that effect shall have been given to the Holder of the Notes of the relevant Series in accordance with Condition 13;
- (x) "**Relevant Financial Centre Day**" means, (i) in the case of payment in Euro, a day on which the TARGET System is operating; (ii) in the case of any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments; or (iii) in the case of any currency other than Euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre and in any other Relevant Financial Centre specified in the Pricing Supplement;

- (xi) "**RMB Calculation Agent**" means the entity or person specified in the relevant Pricing Supplement as the party responsible for calculating the Spot Rate and the U.S. Dollar Equivalent amount on the Rate Calculation Date;
- (xii) "**Spot Rate**" means the spot/U.S. Dollar exchange rate for the purchase of U.S. Dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Rate Calculation Business Days, as determined by the RMB Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the RMB Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available Renminbi/U.S. Dollar official fixing rate for settlement in two Rate Calculation Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;
- (xiii) "**U.S. Dollar Equivalent**" means the Renminbi amount converted into U.S. Dollars using the Spot Rate for the relevant Rate Calculation Date; and
- (xiv) Unless the context otherwise requires, any reference in these Terms and Conditions to "**principal**" shall include any premium payable in respect of a Note, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "**interest**" shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

8C.5 All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of that Code, any regulations or agreement thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

8C.6 No commissions or expenses shall be charged to the Holders of Notes or Coupons in respect of such payments.

## 9. **Prescription**

9.1 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 8C.4) for payment thereof.

9.2 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 8 A.6 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 9 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

## 10. **The Paying Agents, the Registrar and the Calculation Agent**

10.1 The initial Fiscal Agent and the Registrar and their respective initial specified offices are specified below. The Calculation Agent in respect of any Notes shall be specified in the Pricing Supplement. The Issuer reserves the right at any time, to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent), the Registrar or the Calculation Agent and to appoint additional or other Paying Agents or another Registrar or Calculation Agent *provided that* it will at all times maintain (i) a Fiscal Agent, (ii) in the case of Registered Notes, a Registrar, (iii) a Paying Agent (which may be the Fiscal Agent), (iv) so long as the Notes are admitted to listing, trading and/or

quotation on or by any listing authority, stock exchange and/or quotation system, a Paying Agent (which may be the Fiscal Agent) and a Registrar each with a specified office in such place as may be required by the rules of such listing authority, stock exchange and/or quotation system, (v) in the circumstances described in Condition 8A.4, a Paying Agent with a specified office in New York City, and (vi) a Calculation Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii), (iii), (v) and (vi) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Paying Agents, the Registrar and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 13.

- 10.2 The Paying Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Fiscal Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Fiscal Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

11. **Replacement of Notes**

If any Note, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Pricing Supplement (in the case of Bearer Notes and Coupons) or of the Registrar (in the case of Registered Notes) ("**Replacement Agent**"), subject to all applicable laws and the requirement of any listing authority, stock exchange and/or quotation system, on or by which the Notes are admitted to listing, trading and/or quotation, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Notes, Receipts and Coupons must be surrendered before replacements will be delivered therefor.

12. **Meetings of Holders and Modification**

The Fiscal Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of these Terms and Conditions and the Deed of Covenant insofar as the same may apply to such Notes. An Extraordinary Resolution passed at any meeting of the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Notes of such Series.

The Issuer may, with the consent of the Fiscal Agent, but without the consent of the Holders of the Notes of any Series or Coupons, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Notes to correct a manifest error.

Additionally, the Issuer may vary these Terms and Conditions and/or the Fiscal Agency Agreement to give effect to Benchmark Amendments pursuant to Condition 5.11 without any requirement for the consent or approval of Holders of the relevant Notes.

Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant except with the sanction of Extraordinary Resolution.

13. **Notices**

***To Holders of Bearer Notes***

Notices to Holders of Bearer Notes will, save where another means of effective communication has been specified herein or in the Pricing Supplement, be deemed to be validly given if (i) published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or (ii) in the case of any Notes which are listed on the official list and

admitted to trading on the regulated market of the Luxembourg Stock Exchange, in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each listing authority, stock exchange and/or quotation system, on or by which the Notes are admitted to listing, trading and/or quotation. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice to Holders of Bearer Notes in accordance with this Condition.

#### ***To Holders of Registered Notes***

Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing. With respect to Registered Notes listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange, any notices to Holders must also be published in a Luxembourg daily newspaper or published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu), and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

#### **14. Further Issues**

The Issuer may from time to time, without the consent of the Holders of any Notes or Coupons, create and issue further Notes, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Notes of any particular Series.

#### **15. Taxation**

Payments in respect of Notes will be made without gross-up for any present or future taxes, duties, assessments or governmental charges whatsoever.

#### **16. Rights of Third Parties**

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

#### **17. Law and Jurisdiction**

##### ***Governing Law***

- 17.1 The Notes, the Fiscal Agency Agreement, the Deed of Covenant and all non-contractual obligations arising out of or in connection with the Notes, the Fiscal Agency Agreement and the Deed of Covenant are governed by, and shall be construed accordance with, English law, to the extent that the application of English law does not derogate from the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe adopted on 6 March 1959 (the "**Third Protocol**"), or from the Articles of Agreement of the Issuer.

##### ***Jurisdiction***

- 17.2 In relation to any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**"), the Issuer irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to the 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 Holder of any Note and shall not limit 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 jurisdiction preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

***Waiver***

- 17.3 To the fullest extent permitted by all applicable laws and by the Third Protocol, the Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) or any order of judgment which may be made or given in such proceedings. To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment or other legal process and the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by all applicable laws and by the Third Protocol.

***Agent for Service of Process***

- 17.4 The Issuer agrees that the process by which any Proceedings in England and Wales are begun may be served on it by being delivered to Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX or its other principal place of business for the time being. If the appointment of the person mentioned in this Condition ceases to be effective, the Issuer shall forthwith appoint a further person in England and Wales to accept service of process on its behalf in England and Wales and notify the name and address of such person to the Holders of the Notes in accordance with Condition 13 and, failing such appointment within fifteen days, the Fiscal Agent shall be entitled to appoint such a person by notice to the Issuer. Service of process in respect of any Proceedings will only be valid if the original service has been effected on such agent and a copy of the process documents (for information purposes only) has been sent by registered mail (providing for acknowledgement of receipt) to the Issuer at 55 avenue Kléber, 75784 Paris Cedex 16, marked for the attention of the Governor. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

## PROVISIONS RELATING TO THE NOTES WHILST IN GLOBAL FORM

### (A) Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system as the Holder of a Note represented by a Global Note (which expression includes a Temporary Global Note and a Permanent Global Note) must look solely to Euroclear, Clearstream or such other system (as the case may be) for such person's share of each payment made by the Issuer to the bearer of such Global Note (or the registered Holder of the Global Registered Note, as the case may be), and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such clearing system (as the case may be). 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 Global Note or Global Registered Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note (or the registered Holder of the Global Registered Note, as the case may be), in respect of each amount so paid. References in these provisions relating to the Notes in global form to "Holder" or "Accountholder" are to those persons shown in the records of the relevant clearing system as a Holder of a Note.

### (B) Form and Exchange – Bearer Global Notes

- (1) **TEFRA D or TEFRA C:** The Pricing Supplement shall specify whether U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) or any successor regulation issued under Internal Revenue Code (the "**Code**") section 4701(b) that contains rules substantially identical to the rules that currently apply under Code section 163(f)(2)(B) (the "**TEFRA D Rules**") or U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) or any successor regulation issued under Code section 4701(b) that contains rules substantially identical to the rules that currently apply under Code section 163(f)(2)(B) (the "**TEFRA C Rules**") shall apply. Each Tranche of Bearer Notes is represented upon issue by a temporary global Note (a "**Temporary Global Note**"), unless the Pricing Supplement specifies otherwise and the TEFRA C Rules apply.

Where the Pricing Supplement applicable to a Tranche of Bearer Notes specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Pricing Supplement) represented upon issue by a Permanent Global Note.

Interests in a Temporary Global Note may be exchanged for:

- (i) interests in a Permanent Global Note; or
- (ii) if so specified in the Pricing Supplement, definitive Notes in bearer form ("**Definitive Notes**") and/or (if so specified in the Pricing Supplement) Registered Notes.

Exchanges of interests in a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as specified in the Pricing Supplement) and (unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Notes) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Notes will be made at any time or from such date as may be specified in the Pricing Supplement, in each case, without any requirement for certification.

- (2) **Limitation on entitlement under a Temporary Global Note after Exchange Date:** Holders of interests in any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole but not in part only) for a Permanent Global Note or for delivery of Definitive Notes and/or Registered Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.
- (3) **Certification of non-U.S. beneficial ownership:** Unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Notes and subject to paragraph (2) above, if any date on

which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear or Clearstream or any other relevant clearing system which may be specified in the Pricing Supplement. Payments of amounts due in respect of a Permanent Global Note or (subject to paragraph (2) above) a Temporary Global Note (if the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Notes) will be made through Euroclear or Clearstream or any other relevant clearing system without any requirement for certification.

(4) ***Exchange for Definitive Notes:*** Interests in a Permanent Global Note will be exchanged (subject to the period allowed for delivery as set out in (i) below), in whole but not in part only and at the request of the Holder of such Global Note, for Definitive Notes and/or (if so specified in the Pricing Supplement) Registered Notes, (a) if Euroclear or Clearstream or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 occurs or, (c) at any time on the request of the bearer, if so specified in the Pricing Supplement. Whenever a Permanent Global Note is to be exchanged for Definitive Notes and/or Registered Notes, the Issuer shall procure the prompt delivery of such Definitive Notes and/or Registered Notes, duly authenticated and, in the case of an NGN, effectuated and where and to the extent applicable, with Receipts, Coupons and Talons attached (each as defined in Condition 1.2 and Condition 1.3), in an aggregate principal amount equal to the principal amount of such Permanent Global Note to the Holder of the Permanent Global Note against its surrender at the specified office of the Fiscal Agent within 30 days of the Holder requesting such exchange. Furthermore, if,

- (i) Definitive Notes have not been delivered in accordance with the foregoing by 5.00 p.m. (London time) on the thirtieth day after the Holder has requested exchange, or
- (ii) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of the Redemption Amount (as defined in Condition 6.10) together with all accrued interest thereon has not been made to the Holder in accordance with the Conditions on the due date for payment,

then such Permanent Global Note (including the obligation to deliver Definitive and/or Registered Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the Holder of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the such Holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream (or any other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the Holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream or other relevant clearing system (as the case may be).

The option for a bearer to request Definitive Notes in exchange for its interests in a Permanent Global Note mentioned in 4(c) above will not be applicable if the Specified Denomination/Minimum Denomination of the Notes (as expressed in the relevant Pricing Supplement) includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination/Minimum Denomination construction is not applicable in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Note exchangeable for Definitive Notes.

(C) **Form and Exchange – Global Registered Notes**

- (1) **Global Registered Note:** Registered Notes held in Euroclear and/or Clearstream (or other clearing system) will be represented by a Global Registered Note which will be registered in the name of a nominee for, and deposited with, a common depository for Euroclear and Clearstream (or such other relevant clearing system).
- (2) **Exchange:** The Global Registered Note will become exchangeable in whole, but not in part, for individual Registered Notes if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business, (b) any of the circumstances described in Condition 7 occurs, or (c) at any time at the request of the registered Holder if so specified in the Pricing Supplement.

Whenever the Global Registered Note is to be exchanged for Registered Notes, such Registered Notes will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered Holder of the Global Registered Note, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Registered Notes (including, without limitation, the names and addresses of the persons in whose names the Registered Notes are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Fiscal Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If (a) Registered Notes have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Registered Note or (b) any of the Notes evidenced by the Global Registered Note has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Registered Note on the due date for payment in accordance with the terms of the Global Registered Note, then such Global Registered Note (including the obligation to deliver Registered Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and each person shown in the records of Euroclear and/or Clearstream (or any other relevant clearing system) as being entitled to interest in the Global Registered Note, shall acquire under the Deed of Covenant rights of enforcement against the Issuer ("**Direct Rights**") to compel the Issuer to perform its obligations to the Holder of the Global Registered Note in respect of the Notes represented by the Global Registered Note, including the obligation of the Issuer to make all payments when due at any time in respect of such Notes in accordance with the Conditions as if such Notes had (where required by the Conditions) been duly presented and surrendered on the due date in accordance with the Conditions.

The Direct Rights shall be without prejudice to the rights which the Holder of the Global Registered Note may have under the Global Registered Note or otherwise. Payment to the Holder of the Global Registered Note in respect of any Notes represented by the Global Registered Note shall constitute a discharge of the Issuer's obligations under the Notes and the Deed of Covenant to the extent of any such payment and nothing in the Deed of Covenant shall oblige the Issuer to make any payment under the Notes to or to the order of any person other than the Holder of the Global Registered Note.

As a condition of any exercise of Direct Rights by a Holder of the Global Registered Note, such Holder shall, as soon as practicable, procure that notice of such exercise is given to the Holders in the manner provided for in the Conditions or the Global Registered Note for notices to be given by the Issuer to Holders.

(D) **Amendment to Conditions**

The Temporary Global Notes, Permanent Global Notes and Global Registered Notes 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 Offering Circular. The following is a summary of certain of those provisions:

- (1) **Meetings:** The Holder of a Permanent Global Note or of the Notes represented by a Global Registered Note shall (unless such Permanent Global Note or Global Registered Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, the Holder of a Permanent Global Note shall be treated as having one vote in respect of each 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 Holder's holding, whether or not represented by a Global Registered Note).
- (2) **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 principal amount of the relevant Permanent Global Note.
- (3) **Purchase:** Notes represented by a Permanent Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.
- (4) **Issuer's Options:** Any option of the Issuer provided for in the Conditions of the Notes while such Notes are represented by a Permanent Global Note or a Global Registered Note shall be exercised by the Issuer giving notice to the Holders 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 or any other clearing system (as the case may be).
- (5) **Holder's Options:** Any option of the Holders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Global Registered Note may be exercised by the Holder of such Permanent Global Note or Global Registered Note, giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent or the Registrar, in the case of a Global Registered Note substantially in the form of the notice available from any Paying Agent (or the Registrar, in the case of a Global Registered Note), 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 principal amount of Notes in respect of which the option is exercised and at the same time presenting for notation the Permanent Global Note or the Global Registered Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, (or the Registrar, in the case of a Global Registered Note).
- (6) **Notices:** So long as any Notes are represented by a Permanent Global Note or Registered Global Note and such Permanent Global Note or Global Registered 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 notices to the 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 Permanent Global Note or Global Registered Note except that in the case of any Notes which are listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange, notice shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).
- (7) **Partial exercise of call option:** In connection with an exercise of the option contained in Condition 6.2 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with Condition 6.2 and the Notes to be redeemed will be selected in accordance with the rules and

procedures of Euroclear and Clearstream (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in principal amount, at their discretion).

- (8) **Payment on business days:** In the case of a Global Note or a Global Registered Note, payments shall be made on (i) if the currency of payment is Euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre; (ii) if the currency of payment is Renminbi, any day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments; or (iii) if the currency of payment is not Euro or Renminbi, any day which is a day on which dealings in foreign currencies may be carried on in the Relevant Financial Centre of the currency of payment and in each (if any) Additional Business Centre.
- (9) **Payment Record Date:** Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

(E) **Partly Paid Notes**

While any Partly Paid Instalments due from the Holder of Partly Paid Notes are overdue, no interest in a Permanent Global Note or Registered Global Note representing such Notes may be exchanged for an interest in a Definitive Note or a Registered Note (as the case may be). If any Holder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to such Holder in respect of them.

## FORM OF PRICING SUPPLEMENT

### *Pro Forma Pricing Supplement*

**[MiFID II investment firms' product governance / Eligible counterparties, professional investors and retail investors target market** – Solely for the purposes of [the/each] manufacturer's (which term excludes the Issuer) product approval process, the target market assessment in respect of the Notes taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and (in jurisdictions where the applicable selling restrictions in the Offering Circular allow this) retail clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and for determining appropriate distribution channels.] /

**[MiFID II investment firms' product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of [the/each] manufacturer['s/s'] (which term excludes the Issuer) product approval process, the target market assessment in respect of the Notes taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Include reference to any negative target market, if required]. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and for determining appropriate distribution channels.]

**[Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products"/capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and ["Excluded Investment Products"/"Specified Investment Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

### **Pricing Supplement**

Series No.: [            ]

Tranche No.: [            ]

**Council of Europe Development Bank**

**Legal Entity Identifier (LEI): 549300UYNXMI821WYG82**

**EUR 25,000,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME**

**Issue of**

*[Aggregate Nominal Amount of Tranche]*

*[Title of Notes]*

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Offering Circular dated 12 December 2018 [and the supplement[s] thereto dated [•]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

[This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Offering Circular dated [*original date*]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 12 December 2018 [and the supplement[s] thereto dated [*•*]], save in respect of the Conditions which are extracted from the Offering Circular dated [*original date*] [and are attached hereto].

*[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 subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

1. Issuer: Council of Europe Development Bank
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. (i) [Issue Price:] [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
- (ii) [Net Proceeds:] [ ]
- (Required only for listed issues)*
6. Specified Denomination/Minimum Denomination: [ ]
7. (i) [Issue Date:] [ ]
- (ii) [Interest Commencement Date:] [ ]
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year<sup>2</sup>*]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[*specify reference rate*] +/- [ ] per cent. Floating Rate]  
[Non-interest bearing]  
[Other (*specify*)]

<sup>2</sup> For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]  
[Partly Paid]  
[Instalment]  
Other (*specify*)]
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. Optional Early Redemption (Put/Call  
Options): [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Status of the Notes: [Senior/Subordinated (*specify*)]
14. Listing: [Luxembourg/other (*specify*)/None]
15. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST PAYABLE (IF ANY)**

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-  
paragraphs of this paragraph)*
- (i) Interest Rate(s): [ ] per cent. per annum [payable  
[annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year[; Not Adjusted/adjusted in  
accordance with [*specify Business Day Convention  
and any applicable Business Centre(s) for the  
definition of "Business Day"*]]<sup>3</sup>
- (iii) Fixed Coupon Amount(s): [ ] per [ ] in Nominal Amount<sup>4</sup>
- (iv) Day Count Fraction: [Actual/Actual (ICMA) or 30/360 or Actual/365  
(Fixed)<sup>5</sup> or [specify other]]
- (v) Broken Amount(s): [*Insert particulars of any initial or final broken  
interest amounts which do not correspond with the  
Fixed Coupon Amount(s)*]
- (vi) Other terms relating to the  
method of calculating interest  
for Fixed Rate Notes: [Not Applicable/give details]  
*(Consider if day count fraction, particularly for Euro  
denominated issues, should be on an Actual/Actual  
basis)*

<sup>3</sup> For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification and the Modified Following Business Day Convention should be specified here (otherwise "No Adjustment" will be deemed to apply as per the Conditions).

<sup>4</sup> For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Interest Rate and the Specified Denomination (in the case of Bearer Notes) or Minimum Denomination (in the case of Registered Notes) by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards."

<sup>5</sup> Applicable to Renminbi denominated Fixed Rate Notes.

17. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (i) Interest Period(s): [ ]
- (ii) Interest Payment Dates: [ ]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (iv) Additional Business Centre(s): [ ]
- (v) Manner in which the Interest Rate(s) is/are to be determined: [Screen Rate Determination / ISDA Determination / other *(give details)*]
- (vi) Party responsible for calculating the Interest Rate(s) and Interest Amount(s): [Fiscal Agent/specify other institution]
- (vii) Screen Rate Determination:
- Reference Rate: [ ]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (viii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date [ ]
- (ix) Margin(s): [+/-][ ] per cent. per annum
- (x) Minimum Interest Rate: [ ] per cent. per annum
- (xi) Maximum Interest Rate: [ ] per cent. per annum
- (xii) Day Count Fraction: [ ]
- (xiii) 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: [ ]

18. **Non-Interest Bearing Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Interest Rate on overdue amounts: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

19. **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Call Option Date(s)/Call Option period: [ ]
- (ii) Early Redemption Amount(s) (Call) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] Specified Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]

*(Note that the clearing systems will require a minimum of 5 business days' notice of exercise of call option)*

20. **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Put Date(s)/Put Period: [ ]
- (ii) Early Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] [Specified Denomination/Minimum Denomination]
- (iii) Notice period (if other than as set out in the Conditions): [ ]

*(Note that the clearing systems will require a minimum of 15 business days' notice of exercise of put option)*

21. **Maturity Redemption Amount of each Note** [[ ] per Note of [ ] Specified Denomination/Minimum Denomination/other/see Appendix]

22. **Early Termination Amount(s)** [ ]  
 Early Termination Amount(s) of each Note payable on redemption for an event of default 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**

23. Form of Notes: [Bearer Notes:]  
 [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.]<sup>6</sup>  
 [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.]<sup>7</sup>  
 [Registered Notes:]<sup>8</sup>  
 [Global Registered Note [Euro [•] nominal amount] registered in the name of a nominee for [a common depositary for Euroclear and Clearstream / a common safekeeper for Euroclear and Clearstream (that is, held under the New Safekeeping Structure (NSS)).]
24. New Global Note form: [Applicable/Not Applicable]
25. Relevant Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]  
*(Note that this paragraph relates to the place of payment, and not interest period end dates, to which paragraphs 16(ii) and 17(ii) relate)*
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Not Applicable/*give details*]
27. 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 [Not Applicable/*give details*]

<sup>6</sup> Drafting note: TEFRA D applies.

<sup>7</sup> Drafting note: TEFRA C applies.

<sup>8</sup> Drafting note: TEFRA not applicable.

- to forfeit the Notes and interest due on late payment:
28. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
29. In the case of Notes denominated in the currency of a country that subsequently adopts the Euro in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union, whether the Notes will include a redenomination clause providing for the redenomination of the Specified Currency in Euro (a "**Redenomination Clause**"), and, if so specified, the wording of the Redenomination Clause in full and any wording in respect of renominalisation and/or reconventioning: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
30. Other terms or special conditions: [Not Applicable/*give details (for example, specify any particular identified use of the proceeds of the issue of the Notes)*]
31. Payment of U.S. Dollar Equivalent in the event of Inconvertibility, Non-transferability or Illiquidity: [Applicable/Not Applicable]
32. RMB Calculation Agent: [Not Applicable/*give name*]

#### DISTRIBUTION

33. (i) If syndicated, names of Manager(s): [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give name*]
34. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
35. U.S. selling restrictions: The Issuer falls under Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.  
[TEFRA C/TEFRA D/TEFRA not applicable]<sup>9</sup>
36. Additional selling restrictions: [Not Applicable/*give details*]

#### OPERATIONAL INFORMATION

37. ISIN: [ ]
38. Common Code: [ ]

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<sup>9</sup> Delete as appropriate.

39. [FISN: [ ]]
40. [CFI: [ ]]
41. Intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]
- [Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper][include this text for registered notes]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that the Eurosystem eligibility criteria have been met.] *(Include this text if the Notes are in global form and "Yes" selected, in which case the Bearer Notes must be issued in NGN form and the Registered Notes must reflect the provisions necessary for the NSS.)*
- [Whilst the designation is specified as "No" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper.] Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.
42. Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
43. [Relevant Benchmark: *[Specify Benchmark]* is provided by *[administrator legal name]*. As at the date hereof, *[administrator legal name]* [appears / does not appear] in the register of administrators and Benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. [As far as the Issuer is aware, as at the date hereof, the transitional provisions in Article 51 (*Transitional provisions*) of the Benchmarks Regulation apply, such that *[administrator legal name]* is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).] *[[Administrator legal name]* does not

fall within the scope of the Benchmarks Regulation.]]<sup>10</sup>

- 44. Delivery: Delivery [against/free of] payment
- 45. Additional Paying Agent(s) (if any): [ ]

**[LISTING APPLICATION**

This Pricing Supplement comprises the final terms required for listing on the official list and admission to trading on the regulated market of the Luxembourg Stock Exchange of the Notes described herein issued pursuant to the EUR 25,000,000,000 Euro Medium Term Note Programme of Council of Europe Development Bank.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Council of Europe Development Bank:

By: .....  
*Duly authorised*

Date: .....

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<sup>10</sup> Include if this disclosure is required for a relevant index or reference rate which constitutes a "benchmark" under the Benchmarks Regulation.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time under the Programme by the Issuer to any one or more of BNP Paribas, HSBC Bank plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, and RBC Europe Limited (the "**Dealers**"). In addition, the Issuer may sell Notes issued under the Programme to any institutions who do not become Dealers under the Programme. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by Dealers are set out in an Amended and Restated Dealership Agreement dated 12 December 2018 (the "**Dealership Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions of other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### General

Each Dealer has represented, warranted and agreed that, to the best of its knowledge and belief, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any Pricing Supplement or any related offering material, in all cases at its own expense. Other persons into whose hands this Offering Circular or any Pricing Supplement comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any Pricing Supplement or any related offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the preceding paragraph.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Offering Circular.

### United States of America

*Regulation S Category 2; TEFRA D, unless TEFRA C is specified as applicable in the relevant Pricing Supplement; Rule 144A eligible if so specified in the relevant Pricing Supplement.*

Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form 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 U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to Notes of such Tranche purchased by or through it, in which case the Issue and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to or for the account or benefit of U.S. persons, and such Dealer will have sent to each Dealer to which it sells Notes during the distribution compliance period relating thereto 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.

In addition, until forty days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act (if available).

### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (a) **Financial promotion:** 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 any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **France**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Offering Circular, the relevant Pricing Supplement or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948), as amended (the "FIEA") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident of Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

### **Luxembourg**

The Notes may not be offered or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

- (a) a simplified prospectus has been duly approved by the Commission de Surveillance du Secteur Financier pursuant to: (i) part III of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended; or (ii) any Luxembourg law applying Regulation (EU) 2017/1129 (as applicable, the "**Luxembourg Prospectus Law**"); or
- (b) the offer benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a simplified prospectus under the Luxembourg Prospectus Law.

## **People's Republic of China**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan). Neither this Offering Circular nor any material or information contained or incorporated by reference herein relating to the Notes, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("CSRC") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations, may be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. The material or information contained or incorporated by reference herein relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Notes may only be offered or sold to the PRC investors that are authorised to engage in the purchase of the Notes of the type being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange, CSRC, the China Banking Regulatory Commission, the China Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

This Offering Circular is delivered only to the recipient solely for the purpose of evaluating a possible investment in the Notes (subject to all requisite government regulatory approvals/licences, verification and/or registrations stated in the above paragraph being obtained or completed by the recipient) and may not, in whole or in part, be used, copied, reproduced for or by or distributed to any other person (other than professional advisers of such recipient). Subscriptions will not be accepted from any person other than the person to whom this Offering Circular has been delivered.

## **Hong Kong**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO")) other than: (a) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section

274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

## GENERAL INFORMATION

1. Application has been made to list the Notes issued under the Programme on the official list and to admit such Notes to trading on the regulated market of the Luxembourg Stock Exchange.  
  
However, Notes may be issued pursuant to the Programme which will neither be listed on the official list nor be admitted to trading on the regulated market of the Luxembourg Stock Exchange nor be admitted to listing, trading and/or quotation on or by any other listing authority, stock exchange and/or quotation system or which will be admitted by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.
2. The update of the Programme was authorised by the competent committee of the Issuer on 25 September 2018. Each Series of Notes will be authorised under the annual borrowing authorisation of the Issuer's Administrative Council.
3. No consent, approval, authorisation or order of any regulatory authority is required by the Issuer for the issue of the Notes.
4. The following documents will, so long as any Note is outstanding, be available for inspection during normal business hours on any weekday (Saturday and public holidays excepted) at (and, in the case of items (iv), (v) and (vii), will be obtainable free of charge from) the specified offices of the Fiscal Agent and the Registrar:
  - (i) the Dealership Agreement;
  - (ii) the Fiscal Agency Agreement;
  - (iii) the Deed of Covenant;
  - (iv) each Pricing Supplement relating to listed Notes;
  - (v) this Offering Circular and any supplement hereto or further Offering Circular;
  - (vi) the Basic Texts of the Issuer (including the Articles of Agreement and the Third Protocol); and
  - (vii) the most recent publicly available audited financial statements of the Issuer beginning with such financial statements for the years ended 31 December 2016 and 31 December 2017.
5. As at the date stated on the front of this Offering Circular, no audited accounts of the Issuer have been made up in respect of any period subsequent to 31 December 2017.
6. The Issuer is not involved in any legal, arbitration or administrative proceedings the outcome of which is or may be material in the context of the Programme or the issue of the Notes nor, so far as the Issuer is aware, are any such proceedings pending or threatened.
7. There has been no material adverse change in the condition (financial or otherwise) of the Issuer since 31 December 2017.
8. The Notes have been accepted for clearance through Euroclear and Clearstream. The appropriate Common Code, International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) in relation to the Notes of each Series will be specified in the Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.
9. Bearer Notes (other than Temporary Global Notes) and any Coupon appertaining thereto will bear a legend substantially to the following effect: "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." The sections referred to in such legend provide that a United States person who holds a Bearer Note or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note

or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

10. Save for the comments made below by the Issuer as of the date of this Offering Circular in relation to the FTT and FATCA, no comment is made, and no advice is given, by the Issuer, the Arranger or any Dealer in respect of taxation matters relating to the Notes (including the treatment for taxation purposes of any payments in respect of the Notes to, or by, a holder thereof) and each investor is advised to consult its own professional adviser.

***The proposed financial transaction tax ("FTT ")***

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

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

***FATCA***

The U.S. Foreign Account Tax Compliance rules ("**FATCA**") require certain "foreign financial institutions" to withhold U.S. tax on a portion of payments on certain types of debt and to collect information from certain types of holders of Notes. While the Issuer is a foreign financial institution, it is likely to qualify for an exemption applicable to "international organizations" and thus is not likely to be subject to FATCA's withholding and information reporting rules. Additionally, France has entered into an intergovernmental agreement (the "**U.S.-France IGA**") with the United States relating to FATCA. The Issuer expects to qualify as a "Non-Reporting French Financial Institution" under the U.S.-France IGA, and thus to be exempted from the withholding and information reporting rules under FATCA and the U.S.-France IGA.

11. As at the date of this Offering Circular, the Issuer is exempt from Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (the "**PRIIPs Regulation**") as the Issuer is a public international body of which a European Union member state is a member in accordance with Article 2.2(d) of the PRIIPs Regulation. Accordingly, no key information document (KID) will be included in the Programme documentation or any Notes issued pursuant to this Programme.
12. 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 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.

13. The Legal Entity Identifier (LEI) of the Issuer is: 549300UYNXMI821WYG82.

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