

PROSPECTUS DATED 12 NOVEMBER 2019



BANQUE INTERNATIONALE À LUXEMBOURG, SOCIÉTÉ ANONYME

(Incorporated with limited liability in Luxembourg)

€175,000,000 5.250 per cent. Fixed Rate Resetable Callable Perpetual Additional Tier 1 Capital Notes

The issue price of the €175,000,000 5.250 per cent. Fixed Rate Resetable Callable Perpetual Additional Tier 1 Capital Notes (the "**Notes**") of Banque Internationale à Luxembourg, société anonyme (the "**Bank**", "**Issuer**" or "**BIL**") is 100 per cent. of their principal amount.

The Notes will, subject to certain interest cancellation provisions as described below, bear interest on their Prevailing Principal Amount (as defined in Condition 17 (*Interpretation*)) on a non-cumulative basis from (and including) 14 November 2019 (the "**Issue Date**") to (but excluding) 14 November 2025 (the "**First Call Date**") at a fixed rate of 5.250 per cent. per annum. Interest will be payable semi-annually in arrear on 14 May and 14 November of each year commencing on 14 May 2020 (each an "**Interest Payment Date**"). The rate of interest will reset on the First Call Date and each date which falls five, and each multiple of five, years after the First Call Date (each, a "**Reset Date**").

The Issuer may elect, at its sole and absolute discretion, to cancel (in whole or in part) the payment of interest on the Notes otherwise scheduled to be paid on an Interest Payment Date. Furthermore, interest shall be cancelled (in whole or in part) if, and to the extent that (a) the payment of such interest, when aggregated with any interest payments or distributions which have been paid or made or which are required to be paid or made on the Notes or any other own funds items in the then current financial year (excluding any such interest payments or distributions which are not required to be made out of Distributable Items (as defined in Condition 17 (*Interpretation*)) and any other amounts which the Regulator (as defined in Condition 17 (*Interpretation*)) may require to be taken into account, would cause the amount of Distributable Items (if any) then available to the Issuer to be exceeded; (b) the payment of such interest would cause, when aggregated together with other distributions of the kind referred to in article 59-13(2) and (3) of the Financial Sector Law (as defined in Condition 17 (*Interpretation*)) (transposing Article 141(2) of the CRD IV Directive (as defined in Condition 17 (*Interpretation*))) or any other relevant provisions of the Financial Sector Law, the Maximum Distributable Amount (as defined in Condition 17 (*Interpretation*)) (if any) then applicable to the Issuer on a solo basis or the Group on a consolidated basis to be exceeded; or (c) the Regulator orders the Issuer to cancel the payment of interest. Any interest that has been cancelled shall not accumulate or be payable to the holders of Notes (the "**Noteholders**") at any time thereafter. Noteholders shall have no right to the interest payment (or part thereof) not paid, whether in a bankruptcy (*faillite*) or dissolution or as a result of the insolvency of the Issuer or otherwise. See Condition 3 (*Interest Cancellation*) in "*Terms and Conditions of the Notes*" (the "**Conditions**" and each, a "**Condition**").

The Prevailing Principal Amount (as defined in Condition 17 (*Interpretation*)) of the Notes will be written down if, at any time, the Solo CET1 Ratio (as defined in Condition 17 (*Interpretation*)) of the Issuer or the Consolidated CET1 Ratio (as defined in Condition 17 (*Interpretation*)) of the Group, as the case may be, is less than 7.00 per cent. Noteholders may lose some or substantially all of their investment in the Notes as a result of such a write-down. Following such reduction, the Prevailing Principal Amount may, at the Issuer's discretion, be written-up to the Original Principal Amount (as defined in Condition 17 (*Interpretation*)) if certain conditions are met. See Condition 8 (*Principal Write-down and Principal Write-up*) in "*Terms and Conditions of the Notes*".

The Notes will constitute direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* among themselves without any preference. If an order is made for the judicial liquidation (*liquidation judiciaire*) of the Issuer or an effective resolution is passed for the voluntary liquidation (*liquidation volontaire*) of the Issuer in accordance with the BRR Act 2015 (as defined in Condition 17 (*Interpretation*)), the Noteholders shall be entitled to receive in respect of each Note an amount equal to the Prevailing Principal Amount of the relevant Note, together with any interest accrued to such date which has not been cancelled as provided in Condition 3 (*Interest Cancellation*) and together with any damages (if payable), out of the liquidation proceeds after satisfaction of all claims of Senior Creditors (as defined in Condition 17 (*Interpretation*)) and *pari passu* (by percentage of the amount payable) with the satisfaction of all claims of other creditors of the Issuer (including holders of Additional Tier 1 Capital Instruments (as defined in Condition 17 (*Interpretation*))) ranking *pari passu* with the Notes, but prior to the satisfaction of the claims of the shareholders (including holders of CET 1 Capital (as defined in Condition 17 (*Interpretation*))) of the Issuer in their capacity as shareholders and of any creditors of the Bank whose claims are, or are expressed to be, junior to the claims of the Noteholders. See Condition 1(b) (*Status and Subordination*) in "*Terms and Conditions of the Notes*".

The Notes have no fixed maturity and Noteholders do not have the right to call for their redemption. As a result, the Issuer is not required to make any payment of the principal amount of the Notes at any time prior to its winding-up. The Issuer may, at its option, redeem the Notes (i) at any time in the six months prior to (and including) the First Call Date or on (ii) any Interest Payment Date thereafter (each, an "**Optional Call Date**") in whole, but not in part, at their Prevailing Principal Amount, together with any accrued but unpaid interest (excluding any interest which has been cancelled or deemed cancelled in accordance with the Conditions) to, but excluding, the date of redemption. The Issuer may not redeem the Notes pursuant to Condition 4(b) (*Bank's call option*) on any Optional Call Date if the Prevailing Principal Amount of the Notes is lower than the Original Principal Amount at such time. The Issuer may also, at its option, redeem the Notes in whole, but not in part, at their Prevailing Principal Amount, together with any accrued but unpaid interest which the Issuer decides in its absolute discretion that it will pay (excluding any interest which has been cancelled or deemed cancelled in accordance with the Conditions) to (but excluding) the date of redemption, upon the occurrence of a Tax Event or a Regulatory Event (each as defined in Condition 17 (*Interpretation*)). See Condition 4 (*Redemption and Purchase*) in "*Terms and Conditions of the Notes*". In addition, the Issuer may, if a Tax Event or a Regulatory Event has occurred and is continuing or in order to align the terms and conditions of the Notes to best practices published from time to time by the European Banking Authority resulting from its monitoring activities pursuant to Article 80 of the CRR (as defined in Condition 17 (*Interpretation*)), substitute all (but not some only) of the Notes or vary the terms of all (not some only) of the Notes so that they become or remain or, as the case may be, Qualifying Securities (as defined in Condition 7 (*Substitution and Variation*)).

Amounts payable under the Notes on any Interest Payment Date falling on or after the First Call Date are calculated by reference to the mid-swap rate for euro swaps with a term of 5 years which appears on the Reuters screen "ICESWAP2" as of 11:00 a.m. (Central European time) on such Mid-Swap Rate Determination Date (as defined in Condition 17 (*Interpretation*)) which is provided by reference to EURIBOR, which is provided by the European Money Markets Institute. As at the date of this Prospectus, the European Money Markets Institute appears on the register of administrators and benchmarks established and maintained by the European and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation (EU) 2016/1011 (the "**Benchmark Regulation**").

An investment in Notes involves certain risks. For a discussion of these risks see "*Risk Factors*". Investors should review and consider these risk factors carefully before purchasing any Notes. The Notes may be subject to the application of the general bail-in tool (as defined on page 20 of this Prospectus¹ as well as the write-down and conversion power (as described in Condition 9 (*Point of Non-Viability*)), either of which may result in the Notes being written-down or converted into equity (in

¹ This should cross-reference the Risk Factor "A Noteholder may lose all of its investment in the Notes, including the principal amount plus any accrued but unpaid interest, in the event the Statutory Loss Absorption occurs"

whole or in part). The Notes are also the subject of contractual write-down provisions as described above. Therefore, investors should review and consider the risk factors relating to the bail-in tool, the write-down and conversion and the contractual write-down provisions of the Notes and the impact these may have on their investment. This Prospectus does not necessarily describe all the risks linked to an investment in the Notes and additional risks and uncertainties, including those of which the Issuer is not currently aware or deems immaterial, may also potentially have an adverse effect on the Issuer's business, financial condition, results of operations, or future prospects or may result in other events that could cause investors to lose all or part of their investment. Prospective investors should carefully consider the risks set forth in this Prospectus and reach their own views prior to making any investment decision and consult their professional advisers.

This Prospectus has been approved as a prospectus by the *Commission de Surveillance du Secteur Financier* (the "CSSF"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Notes and investors should make their own assessment as to the suitability of investing in the Notes. The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer.

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the the professional segment of the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

This Prospectus is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "EEA") and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**"), and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Managers (as defined in the section below entitled "**Subscription and Sale**") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in denominations of €200,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**", together with the Temporary Global Note, the "**Global Note**"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in denominations of €200,000 and with interest coupons attached. See "*Overview of Provisions Relating to the Notes in Global Form*".

The Notes are expected to be rated Ba2 by Moody's France SAS ("**Moody's**"). Moody's has, in its February 2019 publication "Rating Symbols and Definitions", described a rating of "Ba2" in the following terms: "*Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*" This description has been extracted from information published by Moody's. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from the information published by Moody's, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Furthermore, as of the date of this Prospectus, the Issuer has been rated A- by Standard & Poor's Credit Market Services France S.A.S. ("**Standard & Poor's**"), BBB+ by Fitch France S.A.S. ("**Fitch**"), and A2 by Moody's.

As of the date of this Prospectus, each of Standard & Poor's, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). As such each of Standard & Poor's, Moody's and Fitch is included in the list of credit rating agencies published by the European and Markets Authority on its website in accordance with the CRA Regulation.

Joint Bookrunners

MORGAN STANLEY

**GOLDMAN SACHS
INTERNATIONAL**

Joint Lead Manager

BIL

Co-Manager

NATIXIS

Structuring Advisor

MORGAN STANLEY

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IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of Article 6.3 of the Prospectus Regulation. When used in this Prospectus, "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

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

The Issuer has confirmed to the Managers named under "*Subscription and Sale*" below (the "**Managers**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Managers.

Save for the Issuer, no other party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. No Manager accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Issuer's consolidated subsidiaries taken as a whole (the "**BIL Group**" or the "**Group**") since the date of this Prospectus or that the information contained in this Prospectus is true subsequent to the date hereof or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the BIL Group.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Managers to any person to subscribe for or to purchase any Notes.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor the Managers represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any

such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the U.S. or to U.S. persons.

Prospective investors should have regard to the factors described in the section headed "*Risk Factors*" herein.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should assess, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency (see also – "*Risk Factors – Factors which are material for the purpose of assessing the risks associated with the Notes – Foreign currency notes expose investors to foreign-exchange risks as well as to issuer risk*" below);
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant financial markets; and
- (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Prospectus.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**", "**€**" or "**euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community as amended.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

This Prospectus is to be read in conjunction with all information which is deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such information is incorporated in and forms part of the Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Information Incorporated by Reference*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the CSSF.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION ON MARKETING AND SALES TO RETAIL INVESTORS

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of such as the Notes to retail investors.

In particular, in June 2015, the United Kingdom Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (the "**PI Instrument**").

In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (the "**PRIIPs Regulation**") became directly applicable in all EEA member states and (ii) the Markets in Financial Instruments Directive 2014/65/EU (as amended) ("**MiFID II**") was required to be implemented in EEA member states by 3 January 2018. Together, the PI Instrument, the PRIIPs Regulation and MiFID II are referred to as the "**Regulations**".

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write-down or convertible securities, such as the Notes.

Potential investors should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein), including the Regulations.

Each of the Managers is required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or any

of the Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Managers that:

- (i) it is not a retail client (as defined in MiFID II);
- (ii) whether or not it is subject to the Regulations, it will not:
 - (A) sell or offer the Notes (or any beneficial interests therein) to retail clients (as defined in MiFID II); or
 - (B) communicate (including the distribution of this Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (in each case within the meaning of MiFID II).

In selling or offering Notes or making or approving communications relating to the Notes, it may not rely on the limited exemptions set out in the PI Instrument; and

- (iii) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) MiFID II and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

In connection with the issue of the Notes, Morgan Stanley & Co International plc (the "Stabilisation Manager") (or persons acting on behalf of the Stabilisation Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION - Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA") - Solely for the purposes of its obligations pursuant to sections

309B(1)(a) and 309B(1)(c) of the SFA, the Bank has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) of Singapore) and “Excluded 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).

RISK FACTORS

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

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Investing in the Notes involves significant risks. Investors should reach their own investment decision only after consultation with their own financial and legal advisers about risks associated with an investment in the Notes and the suitability of investing in the Notes in light of the particular characteristics and terms of the Notes and of the investors' particular financial circumstances. As part of making an investment decision, an investor should make sure it thoroughly understands the terms of the Notes. A potential investor should also carefully consider the risk factors and the other information contained in this Prospectus, and the other information included and incorporated by reference in this Prospectus before deciding to invest in the Notes, and it should evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect an investment in the Notes and an investor's ability to bear the loss of all or a portion of an investor's investment. All investors should make their own evaluations of the risks associated with an investment in the Notes and consult their own professional advisers if necessary. The market price of the Notes could decline due to the realisation of these risks, and investors could lose part or all of the value of their investments.

Words and expressions defined in the Conditions have the same meanings in this risk factor section.

Risk Factors relating to the Issuer

1. Risks relating to the Issuer's activities

Credit risk

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

The Bank uses the Advanced Internal Rating Based approach for calculating its capital requirements and solvency ratios.

One of the components of the Solvency Ratio are the Risk-weighted assets (RWA) that are used to determine the minimum amount of capital that must be held by banks and other institutions to reduce the risk of insolvency. The capital requirement is based on a risk assessment for each type of bank asset. For example, a loan that is secured by a letter of credit is considered to be riskier and requires more capital than a mortgage loan that is secured with collateral.

With respect to credit risk, the Bank calculates its capital requirements and publishes its solvency ratios in accordance with the Basel Framework. BIL group has decided to use the Advanced Internal Rating Based (A-IRB) approach on its main counterparties (i.e. Central Governments, Banks, Corporate, SMEs and Retail) for the assessment of its risk-weighted assets (RWA).

The standardised method is also used for the calculation of the weighted operational risks of the Bank. At the end of 2018, the Bank's total RWAs amounted to EUR 8 billion, compared with EUR 6.6 billion at end 2017. RWA growth of EUR 1,395 million (+21%) is mainly driven by credit risk (EUR + 1,398 million). The increase of the Credit Risk RWA is due to the deployment of new methodological approaches and not due to an important growth of the risky exposures. Meanwhile, the market risk RWAs decreased by EUR 8 million and the operational risk RWAs increased by EUR 6 million in 2018.

In addition, the Issuer follows-up its exposures, whether they are classified as non-performing or if with the forborne status, as follows:

a. Non-performing exposures - Non-performing loans

According to the EBA definition, Non-Performing Exposures (NPE) correspond to files classified in default, or in pre-litigation (past due period > 90 days) or all files from counterparties whose pre-litigated exposure represent at least 20% of their total exposure. Exposures in respect of which a default is considered to have occurred and exposures that have been identified as impaired (IFRS) are always considered as NPE. As of December 2018, BIL group's NPE amounted to EUR 604 million regarding an exposition of EUR 18.1 billion, leading to a ratio NPE/Total exposures of 3.32% and 2.44%, excluding non-core activities.

b. Forborne exposures

According to the EBA definition: "Forborne exposures are debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting their financial commitments ("financial difficulties")." Those measures include, in particular, the granting of extensions, postponements, renewals or changes in credit terms and conditions, including the repayment plan. Forborne exposures are debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). As of December 2018, BIL group's forborne exposures amounted to EUR 289 million leading to a ratio Forborne exposures/Total Exposures of 1.58%.

Nevertheless, the Issuer cannot assume that it will not have to make significant additional provisions for possible bad and doubtful debts in future periods. Therefore, the credit risk risks is classified as High.

Money laundering, terrorist financing and other illegal or improper activities

BIL is exposed to risks of fraud and other illegal activities, which could have a material adverse effect on the Issuer's business and financial condition.

A major focus of governmental policy towards financial institutions in recent years has been fighting money laundering and terrorist financing. The risk that financial institutions will be subjected to or used for bribery or money laundering is higher in less developed markets. One of the core pillars of BIL's strategy being private banking and wealth management operations, BIL is subject to greater compliance and regulatory risks and costs.

Regulations applicable to BIL impose obligations to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of its clients. Failure to maintain and implement adequate programmes to combat money laundering and terrorist financing could have serious consequences, such as regulatory, litigation and reputational risks.

BIL closely monitors and reviews its anti-money laundering and terrorist financing framework on an ongoing basis, as part of its risk mitigation strategy.

According to the National Risk Assessment of Money Laundering and Terrorist Financing that was published for the first time on 20 December 2018 by the Luxembourg Ministry of Finance, this risk is classified as High for banks like the Issuer active in private banking activities.

Cyber Security Risk

Cyber security risk is commonly defined as exposure to the potential of loss or harm related to technical infrastructure or the use of technology within an organization. Events can be categorized in multiple ways and may be the result of deliberately malicious acts, such as a hacker carrying out an attack with the aim of compromising sensitive information, but they may also be unintentional, such as user error that makes a system temporarily unavailable. Risk events may come from sources outside the organization, such as cybercriminals or supply chain partners, or sources inside the organization such as employees or contractors. The Issuer has set up a dedicated Information Security Charter.

The aim of the BIL Information Security Charter is to define the high-level objectives in each domain of Information Security – as defined in ISO/IEC 27001:2013 and the corresponding roles defined in the CSSF circular 12/552 – that must be fulfilled to ensure the security of the information of the Bank. The Charter also defines the high-level responsibilities of the different actors within BIL's Information Security. In addition, in the context of an IT Security and Information Security review (organisation, governance, operational mode, etc.), a new Business Continuity and Crisis Management Charter has been approved. The aim of these documents is to define the high-level objectives in each domain of Business Continuity Management and Crisis Management – as defined in ISO/IEC 22301:2012 – that must be fulfilled to ensure the business continuity and manage crisis.

The cyber security risk is classified as High.

2. Risks relating to the Issuer's structure and funding requirements

Concentration Risk

The concentration risk is the exposure(s) that may arise within or across different risk categories throughout the Issuer with the potential to produce: (i) losses large enough to threaten the Issuer's health or ability to maintain its core operations; or (ii) a material change in the Issuer's risk profile. Concentration risk can have an impact on Issuer's capital, liquidity and earnings.

For example, an Issuer highly dependent for its profits on a single business sector and/or a single geographic area may be affected to a greater extent by sectoral or regional business cycles. Different sources of income may not be independent of each other. These interdependencies should be taken into account when assessing concentration risk. The business concentration may increase vulnerability with regard to specific cycles, business and geographic specialisation may still enhance the performance of the Issuer, since focusing on specific sectors, products or regions may generate business concentration risk.

Some concentration risks have been identified in connection with the Issuer as following:

- a. Geographical concentration risk describes the level of risk in the Issuer's portfolio arising from concentration to a single sector or country. This risk arises from the observation that more concentrated portfolios are less diverse and therefore the returns on the underlying assets are more correlated. As far as the Issuer is concerned, the concentration risk is considered as one of main risks with the highest potential impact on the Issuer and its Wealth Management and Retail Banking franchise.

- b.* Business/Key clients Concentration risk: In 2018 and in line with BIL group's business model and strategy, the Individuals, SME and Self-Employed segment remained the Bank's largest portfolio, representing around 35% of the overall exposure. The Central Governments exposure weighting slightly decreased compared with the previous year and remained the second segment of the Bank's portfolio, representing 29.5% of the overall exposure. Exposures to Financial Institutions increased compared to end of 2017, representing 13.6% of the overall exposures, while the weight of Corporate decreased slightly from 21.1% to 19.9%.

Therefore, the concentration risk is classified as Medium.

Liquidity risk

Liquidity risk measures BIL's ability to meet its current and future liquidity requirements, both expected and unexpected, whether or not the situation deteriorates.

The objective of liquidity management is to ensure that, at all times, the Issuer holds sufficient funds to meet its contracted and contingent commitments to customers and counterparties, at an economic price. All the main issues regarding liquidity risk are directly managed by the Issuer's Asset and Liability Management function, which manages the Issuer's resources and their use, in particular the adequacy of expected new lending production with the available resources and the Issuer's liquidity needs. In this context, the BIL Group addresses its structural liquidity risk through governance and controls put in place (realised by the Issuer's risk management department), as well as the follow up made of its main liquidity ratios.

The liquidity management process is based upon covering funding requirements with available liquidity reserves. Funding requirements are assessed carefully, dynamically and comprehensively by taking the existing and planned on and off-balance sheet asset and liability transactions into consideration. Reserves are constituted with assets eligible for refinancing with the central banks to which BIL has access (Banque Centrale du Luxembourg (BCL) and Swiss National Bank (SNB)).

The Issuer notably manages its liquidity needs through the regulatory liquidity ratios with a short-term view (LCR, Liquidity Coverage Ratio) and with a long-term view (NSFR, Net Stable Funding Requirement).

a. LCR

The Liquidity Coverage Ratio (LCR) is the main regulatory short-term liquidity reference indicator. It requires the Bank to hold a sufficient level of high-quality liquid assets (HQLA) to cover its total net cash outflows over 30 days. As of December 2018, BIL group's LCR amounted to 134%.

b. NSFR

NSFR is a regulatory minimum requirement reflecting the longer-term liquidity position of an institution. It requires the available amount of stable funding (ASF, Liability side) to exceed the required amount of stable funding (RSF, Asset side) over a one-year period of extended stress. As of December 2018, BIL group's NSFR amounted to 108%.

Overall, the liquidity risk is classified as Medium.

3. Risks relating to the regulatory environment and the market

Regulatory risk

BIL being classified as "other systemically important institution" authorised in Luxembourg by the ECB, the Issuer's business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates. Current, together with future regulatory developments, including changes to accounting standards and the amount of regulatory capital required to support the risk, could have an adverse effect

impacting on how the Issuer conducts its business and on the results of its operations. The Issuer's business and earnings are also affected by fiscal and other policies that are adopted by the various regulatory authorities of the European Union, foreign governments and international agencies.

With the growing number of legal and prudential requirements, the Issuer has set up a legal and regulatory watch ("Group-wide Watch") within its Regulatory Affairs department with the support of different regulatory experts, including Risk and Finance representatives.

Due to the increasing volume and complexity of regulatory obligations impacting the Issuer, the level the regulatory risk has been graded as medium.

Market risk

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

Therefore, the market risk is classified as Low.

Risk Factors relating to the Notes

1. Risks relating to the nature of the Notes

The Notes constitute deeply subordinated obligations

The Notes constitute unsecured and deeply subordinated obligations of the Bank. As a result, in the event of the dissolution or liquidation of the Bank (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Bank), the rights and claims of the Noteholders against the Bank in respect of or arising under (including any damages awarded for breach of any obligation under) the Notes shall rank as described in the Conditions. In particular, they shall (i) be junior to the rights and claims of Senior Creditors (as defined in the Conditions) (including holders of Tier 2 capital instruments), and (ii) be senior only to the rights and claims of shareholders and of any creditors of the Bank whose claims are, or are expressed to be junior to the claims of Noteholders.

Before the occurrence of any event referred to above, holders of the Notes may already have lost the whole or part of their investment in the Notes as a result of a write-down of the principal amount of the Notes following a Trigger Event and/or a write-down or conversion into equity of the principal amount of the Notes in the event that the Bank is deemed to be at the point of non-viability (see Condition 9 (*Point of Non-Viability*) and "*The principal amount of the Notes may be reduced (Written Down) to absorb losses*" and "*A Noteholder may lose all of its investment in the Notes, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*" below). In the event of a dissolution or liquidation of the Bank (other than as set out in the Conditions), payment of any remaining principal amount not so written down to a Noteholder will, by virtue of such subordination, only be made after all obligations of the Bank resulting from unsubordinated claims with respect to the repayment of borrowed money, other unsubordinated rights and claims and higher ranking subordinated claims have been satisfied in full. If any such event occurs, the Bank may not have enough assets remaining after these payments to pay amounts due and payable under the Notes. A Noteholder may therefore recover less than the holders of unsubordinated or prior ranking subordinated liabilities of the Bank.

Although the Notes may pay a higher rate of interest than securities which are not, or not as deeply, subordinated, there is a real risk that an investor in deeply subordinated securities such as the Notes will lose all or some of its investment should the Bank become insolvent.

The Bank is not prohibited from issuing additional debt, which may rank pari passu with or senior to the Notes

The Conditions do not limit the amount of liabilities ranking senior or pari passu in priority of payment to the Notes which may be incurred or assumed by the Bank from time to time, whether before or after the issue date of the Notes nor do they restrict the Bank in issuing Additional Tier 1 Capital Instruments with other write-down mechanisms or trigger levels or that convert into shares upon a trigger event. The Bank may be able to incur significant additional secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness. If the Bank becomes insolvent or is liquidated, or if payment under any secured or unsecured unsubordinated and/or prior-ranking subordinated debt obligations is accelerated, the Bank's secured or unsecured unsubordinated or, as the case may be, prior-ranking subordinated lenders would be entitled to exercise the remedies available to them before the Noteholders.

If any event referred to in the risk factor "*The Notes constitute deeply subordinated obligations*" above were to occur, the Bank may not have enough assets remaining after these payments to pay amounts due and payable under the Notes and the Noteholders may therefore recover rateably less (if anything) than the lenders of the Bank's secured or unsecured unsubordinated debt and/or prior-ranking subordinated debt in the event of the Bank's bankruptcy or liquidation. Even if the claims of senior ranking creditors would be satisfied in full, Noteholders may still not be able to recover the full amount due because the proceeds of the remaining assets must be shared pro rata among all other creditors holding claims ranking pari passu with the claims of the Noteholders in respect of the Notes.

Also, the issue of additional capital instruments with interest cancellation provisions similar to the Notes may increase the likelihood of (partial) interest payment cancellations under the Notes if the Bank is not able to generate sufficient Distributable Items or to maintain adequate capital buffers to make interest payments falling due on all outstanding capital instruments of the Bank in full. See "*The Bank may elect not to pay interest on the Notes*" and "*The Bank may in certain circumstances be required not to pay interest on the Notes*" below.

If the Bank's financial condition were to deteriorate, investors could suffer direct and materially adverse consequences, including suspension of interest and reduction of interest and principal and, if the Bank were liquidated (whether voluntarily or involuntarily), investors could suffer loss of their entire investment.

The Conditions do not provide for events of default allowing acceleration of the Notes

The Conditions do not provide for events of default allowing acceleration of the Notes if certain events occur, for example if the Bank fails to pay any amount of interest or principal when due. Also, the Notes cannot cross default based on non-payment on other Notes.

No Noteholder may exercise or claim any right of set-off, compensation or retention in respect of any amount owed to it by the Bank arising under or in connection with the Notes.

There is variation or substitution risk in respect of the Notes

The Bank may if a Tax Event or a Regulatory Event has occurred and is continuing, subject to compliance with any conditions prescribed under Applicable Banking Regulations, but without any requirement for the consent or approval of the Noteholders, substitute the Notes or vary the terms of the Notes provided that they remain or, as appropriate, become compliant with Applicable Banking Regulations with respect to Additional Tier 1 Capital and that such substitution or variation shall not result in terms that are materially less favourable to the Noteholders (as reasonably determined by the Bank). Following such variation or substitution the resulting Notes must have, inter alia, the same ranking and interest rate and redemption

rights. Nonetheless, no assurance can be given as to whether any of these changes will negatively affect any particular investor. In addition, the tax and stamp duty consequences of holding such varied or substitution Notes could be different for some categories of investors from the tax and stamp duty consequences of their holding the Notes prior to such variation or substitution.

In addition, the Conditions contain provisions for convening meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Agent may, without the consent of Noteholders, agree to (i) any modification (not being a modification in respect of which an increased quorum is required) of the Agency Agreement which is not materially prejudicial to the interests of Noteholders or (ii) any modification of the Notes or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law.

It is possible that any varied or substitution Notes will contain conditions that are contrary to the investment criteria of certain investors. Any resulting sale of the Notes, or of the varied or substituted Notes, may be adversely affected by market perception of and price movements in the terms of the varied or substituted Notes.

2. The Notes may be subject to principal reduction linked to the Bank's CET1 Ratio

The principal amount of the Notes may be reduced (Written Down) to absorb losses

The Notes are intended to be eligible as Additional Tier 1 Capital of the Bank. Accordingly, if the Solo CET1 Ratio or the Consolidated CET1 Ratio falls below 7.00 per cent. as determined by the Bank, the Regulator or any entity appointed by or acting on behalf of the Regulator (a "**Trigger Event**"), the Prevailing Principal Amount of the Notes will be reduced by the lower of an amount at least sufficient to immediately cure the Trigger Event or the amount necessary to reduce the Prevailing Principal Amount of the Notes to one cent, and any accrued but unpaid interest will be cancelled. A Principal Write-down may occur at any time on one or more occasions (provided, however, that the principal amount of a Notes shall never be reduced to below one cent). Any Principal Write-down of the Notes shall not constitute a default of the Bank. Investors shall not be entitled to any compensation or to take any action to cause the dissolution or liquidation of the Bank in the event of a Principal Write-down (without prejudice to any principal amount subsequently written-up at the discretion of the Bank in accordance with the Principal Write-up mechanism as set out in Condition 8 (*Principal Write-down and Principal Write-up*)).

A Principal Write-down is expected to occur simultaneously with the concurrent pro rata write-down or conversion into equity of the prevailing principal amount of any Loss Absorbing Instruments (as defined in the Conditions) or converted into equity (in each case in accordance with its conditions) on the occurrence, or as a result, of the Solo CET 1 Ratio or the Consolidated CET1 Ratio falling below a certain trigger level). However, this will not necessarily be the case. In particular, investors must note that to the extent such write-down or conversion into equity of any Loss Absorbing Instruments is not effective for any reason (i) the ineffectiveness of any such write-down or conversion into equity shall not prejudice the requirement to effect a Principal Write-down of the Notes and (ii) the write-down or conversion into equity of any other Loss Absorbing Instruments which is not effective shall not be taken into account in determining the Write-down Amount of the Notes. Therefore, the write-down or conversion into equity of other Loss Absorbing Instruments is not a condition for a Principal Write-down of the Notes and, as a result of failure to write down or convert into equity such other Loss Absorbing Instruments, the Write-down Amount of the Notes may be higher. Noteholders may lose all or some of their investment as a result of such a Principal Write-down of the Prevailing Principal Amount of the Notes. In particular, the Bank may be required to write down the Prevailing Principal Amount of the Notes following the occurrence of a Trigger Event such that the Solo CET 1 Ratio and the Consolidated CET1 Ratio is restored to a level higher than 7.00 per cent. In such an event, the Write-down Amount will be greater than the amount by which the then Prevailing Principal

Amount would have been written down if the Bank had been required to write down the Prevailing Principal Amount of the Notes to the extent necessary thereby to restore the Solo CET 1 Ratio and the Consolidated CET1 Ratio to 7.00 per cent.

Furthermore, it is possible that, following a material decrease in the Solo CET 1 Ratio and the Consolidated CET1 Ratio, a Trigger Event in relation to the Notes occurs simultaneously with a trigger event in relation to other Loss Absorbing Instruments having a higher trigger level. If this were to occur, the Prevailing Principal Amount of the Notes will be reduced pro rata with such Loss Absorbing Instruments having a higher trigger level up to an amount sufficient to restore the Solo CET 1 Ratio and the Consolidated CET1 Ratio to at least 7.00 per cent. provided that, with respect to each other Loss Absorbing Instrument (if any), such pro rata write-down and/or conversion shall only be taken into account to the extent required to restore the Solo CET 1 Ratio and the Consolidated CET1 Ratio to the lower of (x) such other Loss Absorbing Instrument's trigger level and (y) 7.00 per cent., in each case, in accordance with the terms of the relevant instruments and the Applicable Banking Regulations. Any pro rata reduction of the Prevailing Principal Amount of the Notes may potentially be higher than that applied to other Additional Tier 1 Capital Instruments if the write-down or conversion of such other securities is ineffective for any reason.

The Bank's future outstanding junior and pari passu ranking securities might not include write-down or similar features with triggers comparable to those of the Notes. As a result, it is possible that the Notes will be subject to a Principal Write-down, while junior and *pari passu* ranking securities remain outstanding and continue to receive payments. Also, the Conditions do not in any way impose restrictions on the Bank following a Principal Write-down, including restrictions on making any distribution or equivalent payment in connection with any junior or pari passu ranking securities.

Investors may lose all or some of their investment as a result of a Principal Write-down or of reaching the point of non-viability or of the application of certain resolution tools (see "*A Noteholder may lose all of its investment in the Notes, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*" below). Although (in case of a Principal Write-down only following a Trigger Event) the Conditions allow for the principal amount to be written-up again in certain circumstances at the Bank's discretion, due to the limited circumstances in which a Principal Write-up may be undertaken (as described in the paragraph below) any reinstatement of the Prevailing Principal Amount of the Notes and recovery of such investment may take place over an extended period of time or not at all. In addition, during the period of any Principal Write-down pursuant to Condition 8 (*Principal Write-down and Principal Write-up*), interest will accrue on the reduced principal amount of the Notes and its payment is subject to the Bank having sufficient Distributable Items and, if applicable, sufficient Consolidated Net Profit and the MDA not being exceeded. Also, any redemption at the option of the Bank upon the occurrence of a Tax Event or a Regulatory Event will take place at the reduced principal amount of the Notes.

The written down principal amount will not be automatically reinstated if the Solo CET 1 Ratio and the Consolidated CET1 Ratio is restored above a certain level. It is the extent to which the Bank makes a profit (on a consolidated basis) from its operations (if any) that will affect whether the principal amount of the Notes may be reinstated to its Original Principal Amount. The Bank's ability to write-up the principal amount of the Notes will depend on certain conditions, such as there being sufficient Consolidated Net Profit and, if applicable, the MDA not being exceeded. No assurance can be given that these conditions will ever be met. Moreover, even if met, the Bank will not in any circumstances be obliged to write-up the principal amount of the Notes. Also the Regulator has the power to prohibit a write-up if the Bank fails (or is likely to fail) to comply with applicable regulations. However, if any write-up were to occur, it will have to be undertaken on a pro rata basis with any other instruments qualifying as Additional Tier 1 Capital providing for a reinstatement of principal amount in similar circumstances that have been subject to a write-down (see Condition 8 (*Principal Write-down and Principal Write-up*)).

The market price of the Notes is expected to be affected by any actual or anticipated write-down of the principal amount of the Notes as well as by the Bank's actual or anticipated ability to write-up the reduced principal amount to its original principal amount.

The Solo CET 1 Ratio and the Consolidated CET1 Ratio will be affected by a number of factors, any of which may be outside the Bank's control, as well as by its business decisions and, in making such decisions, the Bank's interests may not be aligned with those of the investors

The market price of the Notes is expected to be affected by fluctuations in the Solo CET 1 Ratio and/or the Consolidated CET1 Ratio of the Bank. The level of either the Solo CET 1 Ratio and/or the Consolidated CET1 Ratio may significantly affect the trading price of the Notes.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, any of which may be outside the Bank's control. The calculation of the Solo CET 1 Ratio and/or the Consolidated CET1 Ratio could be affected by one or more factors, including, among other things, changes in the mix of the Bank and the BIL Group's business, major events affecting the Bank's earnings, dividend payments by the Bank, accounting changes, regulatory changes (including the imposition of additional minimum capital or capital buffer requirements or changes to definitions and calculations of regulatory capital ratios and their components or the changes to the interpretation thereof by the relevant authorities or case law), foreign currency movements, revisions to models used by the Bank to calculate its capital requirements (or revocation of, or amendments to, the regulatory permissions for using such models), and the Bank and the BIL Group's ability to manage Risk Weighted Assets (as defined in the Conditions) in both its ongoing businesses and those which it may seek to exit or enter. The impact of these factors on the calculation of the Solo CET1 Ratio may be different from their impact on the calculation of the Consolidated CET1 Ratio. This may, in turn, lead to certain divergences between the Solo CET 1 Ratio and the Consolidated CET1 Ratio.

Investors will not be able to monitor movements in the Solo CET 1 Ratio and the Consolidated CET1 Ratio or any MDA on a continuous basis and it may therefore not be foreseeable when a Trigger Event may occur or whether interest payments must be cancelled.

The Bank will have no obligation to consider the interests of investors in connection with its strategic decisions, including in respect of its capital management. Investors will not have any claim against the Bank relating to decisions that affect the business and operations of the Bank, including its capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause investors to lose all or part of the value of their investment in the Notes.

The Bank currently publishes the Consolidated CET1 Ratio on a semi-annually basis. This may mean investors are given limited warning of any deterioration in the Solo CET 1 Ratio and the Consolidated CET1 Ratio. Investors should also be aware that the Solo CET 1 Ratio and the Consolidated CET1 Ratio may be calculated as at any date and, as a result thereof, a Trigger Event may occur as at any date.

The Bank's Solo CET 1 Ratio at 30 June 2019 stood at 11.44%. Periodic differences between the Bank's Solo CET1 Ratio and BIL Group's Consolidated CET Ratio may result from technical adjustments, e.g. inclusion of H1 profits in the Group 30 June Consolidated CET Ratio.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the Prevailing Principal Amount of the Notes may be written down. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated securities.

Many aspects of the manner in which CRD IV and the BRRD will be interpreted remain uncertain and may be subject to change

Many of the defined terms in the Conditions depend on the interpretation of CRD IV and the BRRD. CRD IV is a set of rules and regulations that imposes a series of requirements, many of which will be phased in over a number of years. Although the CRD IV Directive and the BRRD have been implemented into Luxembourg law by the Luxembourg law of 23 July 2015 and the BRR Act 2015, respectively, and the CRR is directly applicable in Luxembourg, a number of important interpretational issues remain to be resolved through binding technical and implementing standards and guidelines and recommendations by the EBA that will be adopted in the future, which leaves certain other matters to the discretion of the Regulator. The

manner in which the CRD IV and the BRRD will be applied to the Bank and the BIL Group remains uncertain to a degree.

Furthermore, the developing TLAC/MREL framework, once implemented may impose further restrictions on the Bank's ability to pay interest on the Notes. Among other things, the EU's banking reform proposals published in November 2016, as amended (the "**EU Banking Reform Proposals**"), have been adopted by the European Parliament and the European Council and published in the EU Official Journal on 7 June 2019. The EU Banking Reform Proposals aim, among others, to implement TLAC standards for global systemically important banks ("**GSIBs**") in the EU. However, certain portions of the EU Banking Reform Proposals require transposition into Luxembourg law and, as a result, it is not possible to give any assurances as to the impact that they will have on the Bank once implemented. The proposals apply a harmonised minimum TLAC level to EU GSIBs while introducing a firm-specific MREL for GSIBs, DSIBs (Domestic Systemically Important Banks, such as the Bank) and smaller institutions and facilitate the issuance of a new liability class of "non-preferred senior" by requiring Member States to introduce such layer in their local legislation. The new class of non-preferred senior debt instruments ranks between subordinated debt and other senior unsecured creditors. A failure by the Bank to comply with MREL requirements means the Bank could become subject to the MDA restrictions on certain discretionary payments, including payments on the Notes, as the required amount of MREL 'sits below' the combined buffer requirements.

There can be no assurance that any of the minimum own funds requirements, additional own funds requirements, MREL requirements or buffer capital requirements applicable to the Bank will not be amended in the future to include new and more onerous capital requirements (including a leverage ratio buffer), which in turn may affect the Bank's capacity to make payments of interest on the Notes.

Furthermore, the Regulator has a number of powers and discretions (including requiring the Bank to suspend the payment of interest on the Notes) which would apply if the Bank fails (or is likely to fail) to comply with applicable regulations.

The determination of the MDA is particularly complex. The MDA imposes a cap on the Bank's ability to pay interest on the Notes, and on the Bank's ability to reinstate the Original Principal Amounts of the Notes following a reduction upon the occurrence of a Trigger Event.

Such legislative and regulatory uncertainty could affect an investor's ability to value the Notes accurately and therefore affect the market price of the Notes given the extent and impact on the Notes of one or more regulatory or legislative changes.

A Noteholder may lose all of its investment in the Notes, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs

In addition to being subject to a possible write-down as a result of the occurrence of a Trigger Event in accordance with the Conditions, the Notes may also be subject to a permanent write-down or conversion into CET1 instruments (in whole or in part) in circumstances where the competent resolution authority, in its discretion, determines that the Bank or the Group has reached the point of non-viability.

The BRRD contains various resolution powers which may be used by the relevant resolution authority and which include, amongst others, the power to write down certain claims of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including the Notes) to equity or other instruments of ownership (the "**general bail-in tool**"), which equity or other instruments of ownership could also be subject to any future application of the general bail-in tool.

Accordingly, potential investors in the Notes should consider the risk that the general bail-in tool may be applied in such a manner as to result in Noteholders losing all or a part of the value of their investment in the Notes or receiving a different security than the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities.

Moreover, the relevant resolution authority may exercise its authority to apply the general bail-in tool without providing any advance notice to the Noteholders. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the Noteholders, the price or value of their investment in the Notes and/or the ability of the Bank to satisfy its obligations under the Notes.

3 Risks relating to payment of interest

The Bank may elect not to pay interest on the Notes

Interest on the Notes will be due and payable only at the sole discretion of the Bank, and the Bank shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. If the Bank does not make an interest payment on the relevant Interest Payment Date (or if the Bank elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Bank's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable.

Because the Notes are intended to qualify as additional tier 1 capital under CRD IV, the Bank may cancel (in whole or in part) any interest payment on the Notes at its discretion and may pay dividends on its ordinary shares notwithstanding such cancellation. In addition, the Bank may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter, and Noteholders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation. Furthermore, no cancellation of interest in accordance with the terms of the Notes shall constitute a default in payment or otherwise under the terms of the Notes. Failure to provide notice to the Noteholders will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give Noteholders any rights as a result of such failure.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes.

The Bank may be required not to pay interest on the Notes

Distributable Items relate to the Bank's profits and distributable reserves determined on the basis of the Bank's non-consolidated accounts as further described in the Conditions. The amount of Distributable Items available to pay interest on the Notes may be affected, inter alia, by other discretionary interest payments on other (existing or future) capital instruments, including Common Equity Tier 1 ("**CET1**") distributions and any write-ups of principal amounts of Discretionary Temporary Write-down Instruments (if any). In addition, the amount of Distributable Items may potentially be adversely affected by the performance of the business of the Bank in general, factors affecting its financial position (including capital and leverage ratios and requirements), the economic environment in which the Bank operates and other factors outside of the Bank's control. Adjustments to earnings, as determined by the board of directors of the Bank, may furthermore fluctuate significantly and may materially adversely affect Distributable Items of the Bank.

The Maximum Distributable Amount is a concept which will apply in circumstances where the Bank does not meet certain combined capital buffer requirements (see "*The Solo CET 1 Ratio and the Consolidated CET1 Ratio will be affected by a number of factors, any of which may be outside the Bank's control, as well as by its business decisions and, in making such decisions, the Bank's interests may not be aligned with those of the investors*" above). This requires (pursuant to CRD IV) that institutions that fail to meet their applicable combined capital buffer requirements, are subject to restrictions on discretionary payments (which include interest amounts on the Notes and any write-ups of principal amounts (if applicable)).

The restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the institution's profits for the most recent relevant period. Such calculation will result in a maximum distributable amount ("**Maximum Distributable Amount**" or "**MDA**") in each relevant period.

Moreover in the event that the combined buffer requirement is no longer met by the credit institution, the Regulator may impose more stringent restrictions on distributions of the credit institution. Further, there can be no assurance that any of the combined buffer requirements applicable to the Bank and/or the BIL Group will not be increased in the future, which may exacerbate the risk that discretionary payments, including payments of interest on the Notes, are cancelled.

The amount of CET1 capital required to meet the combined buffer requirements will be relevant to assess the risk of interest payments being cancelled. The market price of the Notes is likely to be affected by any fluctuations in the Solo CET 1 Ratio and/or the Consolidated CET1 Ratio. Any indication or perceived indication that this ratio is tending towards the write-down trigger of 7.00 per cent. or the MDA trigger level may have an adverse impact on the market price of the Notes.

Noteholders may not be able to predict accurately the proximity of the risk of discretionary payments (of interest and/or principal) on the Notes being restricted from time to time. In any event, the Bank will have discretion as to how the MDA will be applied if insufficient to meet all expected distributions and is not obliged to take the interest of investors in the Notes into account.

Furthermore, the developing TLAC/MREL framework, once implemented may impose further restrictions on the Issuer's ability to pay interest on the Notes (see "*Many aspects of the manner in which CRD IV and the BRRD will be interpreted remain uncertain and may be subject to change*" above). In particular, the EU Banking Reform Proposals (as defined above) introduce consequences of breaching MREL requirements relating to the combined buffer requirement and MDA breach. A failure by the Issuer to comply with MREL requirements means the Issuer could become subject to the MDA restrictions on certain discretionary payments, including payments on the Notes, as the required amount of MREL 'sits below' the combined buffer requirements.

Furthermore, no interest will be paid on any principal amount that has been written down following a Trigger Event in accordance with the Conditions and no interest may be paid on any principal amount that has been written down following any Statutory Loss Absorption in accordance with the Statutory Loss Absorption Powers. The payment of interest on any remaining principal amount following such write-down is subject to the Bank having sufficient Distributable Items and the MDA not being exceeded (see "*The principal amount of the Notes may be reduced (Written Down) to absorb losses*" and "*A Noteholder may lose all of its investment in the Notes, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*" above).

Investors shall have no further rights in respect of any interest not paid and shall not be entitled to any compensation or to take any action to cause the dissolution or liquidation of the Bank in the event any interest is not paid. Furthermore, cancellation of interest payments shall not in any way impose restrictions on the Bank, including restricting the Bank from making distributions or equivalent payments in connection with obligations junior to, or *pari passu* with, the Notes.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. Furthermore, the Notes may trade with accrued interest, which may be reflected in the trading price of the Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Notes will not be entitled to such interest payment on the relevant Interest Payment Date.

In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues which is not subject to such cancellation and may be more sensitive generally to adverse changes in the Bank's financial

condition. Any indication that the Solo CET 1 Ratio and the Consolidated CET1 Ratio is trending towards the write-down trigger of 7.00 per cent. or the MDA trigger level or that the available Distributable Items are decreasing may have an adverse effect on the market price of the Notes.

A reset of the interest rate could affect the market value of an investment in the Notes

Unless previously redeemed, the Rate of Interest of the Notes will be reset as from the First Call Date and as from each date which falls five, or an integral multiple of five, years after the First Call Date. Such Rate of Interest will be determined two Business Days prior to the relevant reset date and as such is not pre-defined at the date of issue of the Notes; it may be lower than the Initial Interest Rate and may adversely affect the yield or market value of the Notes.

4. Risks relating to redemption of the principal amount of the Notes

No scheduled redemption

The Notes are undated in respect of which there is no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Notes at any time (see Condition 4 (*Redemption and Purchase*)); although the Conditions include several options for the Issuer to redeem the Notes, there is no contractual incentive for the Issuer to exercise any of these call options and the Issuer has full discretion under the Conditions not to do so for any reason. There will be no redemption at the option of investors.

This means that Noteholders have no ability to cash in their investment, except:

- (i) if the Issuer exercises its rights to redeem or purchase the Notes;
- (ii) by selling their Notes; or
- (iii) by claiming for any principal amounts due and not paid in any dissolution or liquidation (other than as set out in the Conditions) of the Issuer.

Accordingly there is uncertainty as to when (if ever) an investor in the Notes will receive repayment of the Prevailing Principal Amount of the Notes.

The Notes are subject to optional early redemption at any time in the six months prior to (and including) the First Call Date (14 November 2025), on each Interest Payment Date thereafter or at any time upon the occurrence of a Tax Event or a Regulatory Event, subject to certain conditions

Subject to certain conditions, the Bank may, at its option, at any time redeem the Notes, in whole but not in part, at their Prevailing Principal Amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as provided in Condition 3 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption, if a Regulatory Event or a Tax Event has occurred, as provided under Condition 6 (*Redemption and Purchase*). In addition, the Bank may, at its option, redeem the Notes, in whole but not in part, (i) at any time in the six months prior to (and including) 14 November 2025 or (ii) on any Interest Payment Date (as defined herein) thereafter, at their Prevailing Principal Amount, together with any accrued but unpaid interest (if any) which the Bank decides in its absolute discretion that it will pay (which excludes any interest cancelled or deemed cancelled as provided in Condition 3 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption. If the Bank redeems the Notes, Noteholders may not be able to reinvest the redemption proceeds in Notes offering a comparable yield. Furthermore, Noteholders have no right to require the Bank to redeem the Notes.

Limitation on gross-up obligation under the Notes

The Bank's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and paid under the Notes and not

to payments of principal. As such, the Bank would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes may be adversely affected.

5. Risks relating to the trading market and value of the Notes

Reform and Regulation of "benchmarks"

So-called benchmarks such as the Mid-Swap Rate (as defined in the Conditions) reference swap rates and other indices which are deemed "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**"), to which the interest on the Notes during any Reset Period is linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value of and the amount payable under the Notes. International proposals for reform of Benchmarks include the European Council's Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") which was published in the official journal on 29 June 2016 and has applied from 1 January 2018.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or 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 participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks. Although it is uncertain whether or to what extent any of the abovementioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of the Notes, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Notes.

Discontinuation of the Mid-Swap Rate

The Conditions provide that, if the Mid-Swap Rate has been discontinued, the Bank shall appoint a Mid-Swap Rate Determination Agent (as defined in the Conditions). The Bank and the Mid-Swap Rate Determination Agent shall endeavour to determine a Replacement Mid-Swap Rate (as defined in the Conditions) to be used in place of the Mid-Swap Rate. The use of any such Replacement Mid-Swap Rate to determine the Rate of Interest for a Reset Period may result in the Notes performing differently (which may include payment of a lower Rate of Interest for such Reset Period) than they would do if the Mid-Swap Rate were to continue to apply.

Furthermore, if a Replacement Mid-Swap Rate is determined by the Bank and the Mid-Swap Rate Determination Agent, the Conditions provide that the Mid-Swap Rate Determination Agent may agree to vary the Conditions, as necessary, including any adjustment factor needed to make such Replacement Mid-Swap Rate comparable to the relevant Mid-Swap Rate, in each case in a manner that is consistent with industry-accepted practices for such Replacement Mid-Swap Rate, without any requirement for consent or approval of the Noteholders. The use of any Replacement Mid-Swap Rate (including with the application of amendments to the Conditions) may still result in the Notes performing differently (which may include payment of a lower Rate of Interest for such Reset Period) than they would if Mid-Swap Rate were to continue to apply in its current form.

If the Mid-Swap Rate Determination Agent is unable or otherwise does not determine a Replacement Mid-Swap Rate in accordance with the Conditions for the life of the Notes, this could result in the capital securities, in effect, becoming fixed rate securities.

Any of the foregoing could have an adverse effect on the value or liquidity of, and return on the Notes.

Change of law and jurisdiction may impact the Notes

The Conditions are governed by Luxembourg law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to Luxembourg law or administrative practice after the date of issue of the Notes.

In addition, any relevant tax law or practice applicable as at the date of this Prospectus may change at any time (including following the issuance of the Notes).

Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss absorption tools which may affect the rights of Noteholders issued by the Bank, including the Notes. Any such change may have an adverse effect on a Noteholder, including that the Notes may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Noteholder may be less favourable than otherwise expected by such Noteholder.

There is no active trading market for the Notes

The Notes will be new securities which may not be widely distributed and for which there is currently no active trading market. 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. Although applications have been made for the Notes to be admitted to listing on the professional segment of the regulated market of the Luxembourg Stock Exchange, there is no assurance that such applications will be accepted, that the Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

Credit ratings may not reflect all risks

The Issuer's credit ratings are an assessment by the relevant rating agencies of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Notes. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure and marketing of the Notes and additional factors discussed in this Prospectus or any other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold and may be revised, suspended or withdrawn by the rating agency at any time. Furthermore, there can be no assurance that no change in the Issuer's credit ratings or ratings outlook (including downwards) will occur in the near or distant future. Such change could modify the cost of debt financing or impact the Issuer's access to debt capital markets.

INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with (i) the audited consolidated annual accounts of the Issuer for the years ended 31 December 2017, and 31 December 2018, including the reports of the statutory auditors in respect thereof and (ii) the unaudited semi-annual report of the Issuer for the six months ended 30 June 2019, which have been filed with the CSSF and are incorporated by reference in this Prospectus.

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

- (a) the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2017 of the Issuer including the information set out at the following pages in particular (<https://www.bil.com/Documents/brochures/Annual-Report-2017-en.pdf>);
- (b) the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2018 of the Issuer including the information set out at the following pages in particular (<https://www.bil.com/Documents/brochures/annual-report-2018-en.pdf>);

	Annual Report 2018	Annual Report 2017
Auditors' Report for the Consolidated Accounts	43-46 (inclusive)	41-45 (inclusive)
Consolidated Balance Sheet	48-49 (inclusive)	46-47 (inclusive)
Consolidated Statement of Income	50	48
Consolidated Statement of Comprehensive Income	51	49
Consolidated Statement of Changes in Equity	52-53 (inclusive)	50-51 (inclusive)
Consolidated Cash Flow Statements	54-55 (inclusive)	52-53 (inclusive)
Notes to the Consolidated Accounts	56-164 (inclusive)	54-142 (inclusive)
Auditors' Reports for the Non-consolidated Accounts	169-172 (inclusive)	147-150 (inclusive)
Non-consolidated Balance Sheet	174-175 (inclusive)	152-153 (inclusive)
Non-consolidated Statement of Income	176	154
Non-consolidated Statement of Comprehensive Income	177	155
Non-consolidated Statement of Changes in Equity	178-179 (inclusive)	156-157 (inclusive)
Non-consolidated Cash Flow Statements	180-181 (inclusive)	158-159 (inclusive)
Notes to the Non-consolidated Accounts	182-262 (inclusive)	160-221 (inclusive)

- (c) the unaudited semi-annual report of the Issuer for the six months ended 30 June 2019 including the information set out at the following pages in particular (<https://www.bil.com/Documents/brochures/Semi-annual-report-2019-en.pdf>);

	Page Number
Consolidated Balance Sheet	26-27 (inclusive)
Consolidated Statement of Income	28
Consolidated Statement of Comprehensive Income	29
Consolidated Statement of Changes in Equity	30-31 (inclusive)
Consolidated Cash Flow Statement	32-33 (inclusive)
Notes to the Interim Condensed Consolidated Financial Statements	34-55 (inclusive)

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant annexes of Delegated Regulation (EU) 2019/980, as amended.

OVERVIEW

This overview is a general description of the Notes and should be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview. Reference to "Conditions" or "Terms and Conditions" in this Prospectus are to the Terms and Conditions of the Notes.

Issuer:	Banque Internationale à Luxembourg, société anonyme (the " Bank ", the " Issuer " or " BIL ").
Joint Bookrunners	Morgan Stanley & Co. International plc and Goldman Sachs International
Joint Lead Manager	Banque Internationale à Luxembourg, société anonyme.
Structuring Advisor	Morgan Stanley & Co. International plc
Fiscal Agent:	Banque Internationale à Luxembourg, société anonyme.
The Notes:	€175,000,000 5.250 per cent. Fixed Rate Resettable Callable Perpetual Additional Tier 1 Capital Notes.
Issue Price:	100 per cent. of the principal amount of the Notes.
Issue Date:	14 November 2019.
Maturity Date:	Not Applicable.
Form and Denomination:	The Notes will be issued in bearer form in denominations of €200,000.
Status:	The Notes constitute direct, unsecured and subordinated obligations of the Bank and shall at all times rank <i>pari passu</i> and without any preference among themselves. The rights and claims of the Noteholders and the Couponholders in respect of or arising from the Notes and the Coupons (including damages (if payable)) are subordinated to the claims of Senior Creditors.
No Set-off:	Subject to applicable Luxembourg law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Bank arising under, or in connection with, the Notes or Coupons and each Noteholder or Couponholder shall, by virtue of its holding of any Notes or Coupons (as the case may be), be deemed to have waived all such rights of set-off, compensation or retention.
Bank's Call Option:	Subject to Condition 4(e) (<i>Conditions to redemption and purchase</i>), the Bank may redeem the Notes, in whole but not in part, (i) at any time in the six months prior to (and including) 14 November 2025 (the " First Call Date ") or (ii) on any Interest Payment Date thereafter (together with the First Call Date, each an " Optional Call Date ") at their Prevailing Principal Amount, together with any accrued but unpaid interest (if any) which the Bank decides in its absolute discretion that it will pay (which

excludes any interest cancelled or deemed cancelled in accordance with Condition 3 (*Interest Cancellation*) from (and including) the Interest Payment Date immediately preceding the date fixed for redemption (or, if none, the Issue Date) to (but excluding) the date fixed for redemption.

The Bank shall not be entitled to redeem the Notes pursuant to Condition 4(b) (*Bank's call option*) on an Optional Call Date if on the relevant redemption date, the Prevailing Principal Amount of the Notes is lower than their Original Principal Amount.

"Prevailing Principal Amount" means, in respect of a Note at any time, the Original Principal Amount of such Note as reduced by any Principal Write-down of such Note (on one or more occasions) at or prior to such time pursuant to Condition 8 (*Principal Write-down and Principal Write-up*) and, if applicable following any Principal Write-down, as subsequently increased by any Principal Write-up of such Note (on one or more occasions) at or prior to such time pursuant to Condition 8 (*Principal Write-down and Principal Write-up*).

Conditions to Redemption and Purchase:

The Bank may redeem or purchase the Notes in accordance with Condition 4 (*Redemption and Purchase*) (and give notice thereof to the Noteholders) subject to the following, in each case solely to the extent permitted by the Applicable Banking Regulations and in particular with Articles 77 and 78 of the CRR in effect as at the Issue Date:

- (i) compliance with any conditions prescribed by the Applicable Banking Regulations, including prior approval of the Regulator and compliance with the Regulatory Procedures (if required); and
- (ii) in the case of a redemption upon the occurrence of a Regulatory Event, the Bank shall deliver to the Fiscal Agent a certificate signed by the Bank stating that a Regulatory Event has occurred and the Bank is entitled to effect such redemption; and
- (iii) in the case of a redemption upon the occurrence of a Tax Event, the Bank shall deliver to the Fiscal Agent (i) a certificate signed by the Bank stating that a Tax Event has occurred and that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Bank has or will become subject to a Tax Event.

"Applicable Banking Regulations" means CRD IV, the BRR Act 2015, the Financial Sector Law, the CSSF Regulation N°18-03 on the implementation of certain discretions of the CRR, any laws, regulations or acts implementing CRD IV and BRRD and any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and applicable to the Bank (in particular the RTS on own funds) and, at any time, the laws, regulations, circular letters and other requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the Regulator and/or (ii) any

other national or European authority, in each case then in effect in Luxembourg (or in such other jurisdiction which is the home member state of the Bank as defined in the CRR, the CRD IV Directive, the BRRD, the BRR Act 2015 and the Financial Sector Law ("**Home Member State**")) and applicable to the Bank or the Group.

"**Regulator**" means (a) as applicable in accordance with regulation (EU) No 1024/2013, the European Central Bank, or any successor or replacement to it, (b) the CSSF or such other authority of Luxembourg (or if the Home Member State of the Bank becomes a jurisdiction other than Luxembourg, such other jurisdiction) which assumes or performs the functions, as at the Issue Date, performed by such authority or authorities or such other or successor authority exercising primary supervisory authority with respect to prudential matters in relation to the Bank and (c) in accordance with the BRR Act 2015 and Regulation (EU) No 806/2014, the Single Resolution Board, as applicable.

"**Regulatory Procedures**" means in respect of any redemption or purchase of the Notes:

- (i) on or before such redemption or purchase (as the case may be) of the Notes, the Bank replaces the Notes with own funds instruments of an equal or higher quality on terms that are sustainable for its income capacity; or
- (ii) the Bank has demonstrated to the satisfaction of the Regulator that the own funds of the Bank and the Group would, following such redemption or purchase (as the case may be), exceed its minimum capital requirements (including any capital buffer requirements) as set out in CRR, BRR Act 2015 and Financial Sector Law by a margin that the Regulator may consider necessary on the basis set out in CRR, BRR Act 2015 and Financial Sector Law for it to determine the appropriate level of capital of an institution.

Redemption for Tax Event:

Subject to the conditions set out in Condition 4(e) (*Conditions to redemption and purchase*) (as described in "*Conditions to Redemption and Purchase*" above), the Bank may, at its option, redeem the Notes, in whole but not in part, at any time at their Prevaling Principal Amount, together with any accrued but unpaid interest (if any) which the Bank decides in its absolute discretion that it will pay (which excludes any interest cancelled or deemed cancelled in accordance with Condition 3 (*Interest Cancellation*)) from (and including) the Interest Payment Date immediately preceding the date fixed for redemption (or, if none, the Issue Date) to (but excluding) the date fixed for redemption, if as a result of a change in, or amendment to, the laws or regulations of a Taxing Jurisdiction, including any treaty to which the relevant Taxing Jurisdiction is a party, or a change in an official application or interpretation of those laws or regulations on or after the Issue Date, including a decision of any court or tribunal which becomes effective on or after the Issue Date:

- (i) the Bank will or would be required to pay Additional Amounts; or
- (ii) the Bank would not be entitled to claim a deduction in

respect of any payments in computing its taxation liabilities or the amount of the deduction would be materially reduced;

(each such circumstance in paragraphs (i) to (ii) above, a "**Tax Event**");

provided that in the case of each Tax Event, the Issuer has demonstrated to the satisfaction of the Regulator that such change was material and was not reasonably foreseeable as at the Issue Date and the consequences of the Tax Event cannot be avoided by the Issuer taking reasonable measures available to it.

Redemption for Regulatory Event:

Subject to the conditions set out in Condition 4(e) (*Conditions to redemption and purchase*) (as described in "*Conditions to Redemption and Purchase*" above), upon the occurrence of a Regulatory Event, the Bank may, at its option, at any time redeem the Notes, in whole but not in part, at their Prevailing Principal Amount, together with any accrued but unpaid interest (if any) which the Bank decides in its absolute discretion that it will pay (which excludes any interest cancelled or deemed cancelled in accordance with Condition 3 (*Interest Cancellation*)) from (and including) the Interest Payment Date immediately preceding the date fixed for redemption (or, if none, the Issue Date) to (but excluding) the date fixed for redemption.

"**Regulatory Event**" means a change in the regulatory classification of the Notes, on or after the Issue Date, that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, and both the following conditions are met:

- (i) the Regulator considers such a change to be sufficiently certain; and
- (ii) the Bank demonstrates to the satisfaction of the Regulator that the regulatory reclassification of the Notes was not reasonably foreseeable at the Issue Date.

For the avoidance of doubt, a Regulatory Event shall not be deemed to have occurred in case of a partial exclusion of the Notes from the Additional Tier 1 Capital of the Bank on a solo and/or of the Group on a consolidated basis as a result of (i) a Principal Write-down or (ii) a change in the regulatory assessment of the tax effects of a Principal Write-down.

Substitution and Variation:

Subject to the conditions set out in Condition 4(e) (*Conditions to redemption and purchase*) (as described in "*Conditions to Redemption and Purchase*" above), if a Regulatory Event or a Tax Event (each a "**Special Event**") has occurred and is continuing or in order to align the terms and conditions of the Notes to best practices published from time to time by the European Banking Authority ("**EBA**") resulting from its monitoring activities pursuant to Article 80 of the CRR, the Bank may at its option, without any requirement for the consent or approval of the Noteholders, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes so that they become or remain (as the case may be) Qualifying Securities.

"**Qualifying Securities**" means, at any time, any securities issued by the Bank that:

- (A) contain terms which at such time comply with the then current requirements of the Applicable Banking Regulations in relation to Additional Tier 1 Capital (which, for the avoidance of doubt, may result in such securities not including, or restricting for a period of time the application of, one or more of the Special Event redemption events which are included in the Notes);
- (B) carry the same rights to redeem as set out in Condition 4(b) (*Redemption and Purchase - Bank's call option*) and the same rate of interest from time to time applying to the Notes prior to the relevant substitution or variation;
- (C) rank *pari passu* with the Notes prior to the substitution or variation;
- (D) shall not at the time of the relevant variation or substitution be subject to a Special Event;
- (E) have terms not materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Bank, and provided that the Bank shall have delivered to the Fiscal Agent a certificate to that effect signed by the Bank; and
- (F) that if (A) the Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Regulated Market or (B) if the Notes were listed or admitted to trading on a recognised stock exchange other than a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Bank.

Interest:

The Notes bear interest on their Prevailing Principal Amount at:

- (a) from (and including) the Issue Date, to (but excluding) 14 November 2025, 5.250 per cent. per annum (the "**Initial Interest Rate**"); and
- (b) in the case of each period from (and including) a Reset Date to (but excluding) the next following Reset Date (each such period, a "**Reset Period**"), the aggregate, converted from an annual basis to a semi-annual basis, of the applicable Mid-Swap Rate on the relevant Mid-Swap Rate Determination Date and the Margin (the "**Subsequent Interest Rate**").

The Mid-Swap Rate shall be determined by reference to Reuters screen "ICESWAP2", subject to the fallback and other provisions set out in the Conditions.

Subject to cancellation of any interest payment (in whole or in part) pursuant to Condition 3 (*Interest Cancellation*), interest shall be payable semi-annually in arrear on 14 May and 14 November of each year commencing on 14 May 2020 (each, an "**Interest Payment Date**").

Interest Cancellation:

The Bank may, in its sole and absolute discretion, elect to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date.

Furthermore, the Bank shall be required to cancel (in whole or in part, as applicable) any interest payment otherwise due on an Interest Payment Date if and to the extent that:

- (a) the payment of such interest, when aggregated with any interest payments or distributions which have been paid or made or which are required to be paid or made on the Notes or any other own funds items in the then current financial year (excluding any such interest payments or distributions which are not required to be made out of Distributable Items) and any other amounts which the Regulator may require to be taken into account, would cause the amount of Distributable Items (if any) then available to the Bank to be exceeded;
- (b) the payment of such interest would cause, when aggregated together with other distributions of the kind referred to in article 59-13(2) and (3) of the Financial Sector Law (transposing Article 141(2) of the CRD IV Directive) or any other relevant provisions of the Financial Sector Law, the Maximum Distributable Amount (if any) then applicable to the Bank on a solo basis or the Group on a consolidated basis to be exceeded; or
- (c) the Regulator orders the Bank to cancel the payment of interest.

Interest Payments (or any part thereof) not paid on any relevant Interest Payment Date by reason of any of the above shall be cancelled and shall not accumulate or be payable at any time thereafter. Non-payment of any interest payment (or part thereof) in accordance with any of the above will not constitute an event of default by the Bank for any purpose or a breach of the Bank's other obligations or duties or a failure to perform by the Bank in any manner whatsoever, will not entitle Noteholders and Couponholders to petition for the insolvency, dissolution or winding up of the Bank and Noteholders and Couponholders shall have no right to the interest payment (or part thereof) not paid, whether in bankruptcy (*faillite*) or dissolution or as a result of the insolvency of the Bank or otherwise, or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation.

See Condition 3 (*Interest Cancellation*).

Trigger Event:

A "**Trigger Event**" shall occur, at any time, if the Solo CET1 Ratio of the Bank or the Consolidated CET1 Ratio of the Group, as the case may be, is less than 7.00 per cent. as determined by the Bank, the Regulator or any entity appointed by or acting on behalf of the Regulator.

See Condition 8 (*Principal Write-down and Principal Write-up*).

Principal Write-down:

Upon the occurrence of a Trigger Event, a Principal Write-down will occur without delay but no later than within one month or such shorter period as may be required by the Regulator (such date being a "**Trigger Write-**

Down Date").

On a Trigger Event Write-down Date, the Bank shall:

- (1) irrevocably cancel all interest accrued on each Note up to (and including) the Trigger Event Write-down Date (whether or not the same has become due at such time); and
- (2) irrevocably, but without prejudice to any Principal Write-up (as described below under "**Principal Write-up**"), reduce the then Prevailing Principal Amount of each Note by the relevant Write-down Amount with effect from the Trigger Event Write-down Date, such Principal Write-down to be effected, save as may be otherwise required by Applicable Banking Regulations and/or the Regulator and subject to Condition 8(a)(v), *pro rata* and concurrently with the Principal Write-down of the other Notes and the Write-downs or Conversion into equity (as the case may be) of the then prevailing principal amount of any other Loss Absorbing Instruments.

"Write-down Amount" means, on any Trigger Event Write-down Date, the amount by which the then Prevailing Principal Amount of each outstanding Note is to be Written Down and which is calculated per Note, being the lower of:

- (i) the amount per Note (together with, subject to Condition 8(a)(v) (*Other Loss Absorbing Instruments*), the concurrent *pro rata* Principal Write-down of the other Notes and the write-down or conversion into equity of the prevailing principal amount of any other Loss Absorbing Instruments) that would be sufficient to immediately restore the Consolidated CET1 Ratio or the Solo CET1 Ratio, as the case may be, to at least 7.00 per cent.; or
- (ii) the amount necessary to reduce the Prevailing Principal Amount of the Note to one cent.

If the Bank has (i) elected to redeem the Notes or (ii) given a notice of substitution or variation of the Notes pursuant to Condition 7(a) (*Substitution and Variation*) and after giving such notice but prior to the payment of the redemption amount with respect to such redemption, or the date of the substitution or variation, as applicable with respect to such substitution or variation of the Notes, a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable or no substitution or variation of the Notes will occur, as applicable, and instead, a Principal Write-down shall occur in respect of the Notes as described under Condition 8(a) (*Principal Write-down*).

Principal Write-up:

Subject to compliance with the Applicable Banking Regulations, if both a positive Solo Net Profit and a positive Consolidated Net Profit are recorded at any time while the Prevailing Principal Amount is less than the Original Principal Amount, the Bank may, at its full discretion and subject to the Maximum Distributable Amount and Maximum Write-up Amount not being exceeded and no Trigger Event having occurred and being

continuing, increase the Prevailing Principal Amount of each Note (a "**Principal Write-up**") up to a maximum of its Original Principal Amount, on a *pro rata* basis with the other Notes and with any other Discretionary Temporary Write-Down Instruments capable of being written-up in accordance with their terms.

The "**Maximum Write-Up Amount**" means the lower of:

- (i) the Solo Net Profit (a) multiplied by the aggregate issued original principal amount of all Written-Down Additional Tier 1 Instruments which qualify as Additional Tier 1 Capital of the Bank on a solo basis, and (b) divided by the Tier 1 Capital of the Bank calculated on a solo basis as at the date when the Principal Write-up is operated; and
- (ii) the Consolidated Net Profit (a) multiplied by the aggregate issued original principal amount of all Written-Down Additional Tier 1 Instruments which qualify as Additional Tier 1 Capital of the Group on a consolidated basis, and (b) divided by the Tier 1 Capital of the Group calculated on a consolidated basis as at the date when the Principal Write-up is operated.

"**Discretionary Temporary Write-down Instruments**" means, at any time, any instrument (other than the Notes) issued directly by the Bank which at such time (a) qualifies as Additional Tier 1 Capital of the Bank on a consolidated basis, (b) has had all or some of its principal amount written-down and (c) has terms providing for a write-up or reinstatement of its principal amount, at the issuer's discretion, upon reporting a net profit.

"**Written-Down Additional Tier 1 Instrument**" means, at any time, any instrument qualifying as Additional Tier 1 Capital Instrument (including the Notes) issued directly by the Bank and which, immediately prior to the relevant Principal Write-up of the Notes at that time, has a prevailing principal amount that, due to it having been written down, is lower than the original principal amount it was issued with.

See Condition 8 (*Principal Write-down and Principal Write-up*).

Ratings:

The Notes are expected to be rated Ba2 by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Purchases:

Subject to the conditions set out in Condition 4(e) (*Conditions to redemption and purchase*) the Bank or any member of the Group may (subject to Article 51(1)(i) of the CRR) purchase or otherwise acquire any of the outstanding Notes at any price in the open market (if any) or otherwise in accordance with article 52(1)(i) of the CRR *provided that* any such purchase may not take place within 5 years after the Issue Date unless permitted by Applicable Banking Regulations (if and to the extent required by the Applicable Banking Regulations).

Withholding Tax:

All payments of principal and interest in respect of the Notes and the Coupons shall be made free and clear of withholding taxes of Luxembourg

or any political subdivision or authority thereof or therein, unless the withholding is required by law. In such event, the Bank shall, subject to customary exceptions, pay such additional amounts in respect of payments of interest (but not, for the avoidance of doubt, in respect of payments of principal) as will result in receipt by Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required. See Condition 6 (*Taxation*).

- Governing Law:** The Notes, the Coupons, Fiscal Agency Agreement and the Subscription Agreement will be governed by Luxembourg law.
- Listing and Trading:** Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and for admission to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange.
- Clearing Systems:** Euroclear and Clearstream, Luxembourg.
- Selling Restrictions:** See "*Subscription and Sale*".
- Risk Factors:** Investing in the Notes involves risks. See "*Risk Factors*".

TERMS AND CONDITIONS OF THE NOTES

The following, subject to alteration and completion and except for paragraphs in italics, are the terms and conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form.

In connection with the €175,000,000 5.250 per cent. Fixed Rate Resettable Callable Perpetual Additional Tier 1 Capital Notes (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of Banque Internationale à Luxembourg (the "**Bank**"). Banque Internationale à Luxembourg will act as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), paying agent (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and as calculation agent (the "**Calculation Agent**", which expression includes any successor calculation agent appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Fiscal Agent, the Paying Agents and the Calculation Agent and any reference to an "**Agent**" is to any one of them. The rights and claims of holders of the Notes (the "**Noteholders**") in respect of the Notes and the rights and claims (if any) of holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively, which expressions shall, unless the context otherwise requires, include the holders of the Talons and the Talons (as defined below), respectively) in respect of or arising from the Coupons are at all times subject to the provisions set out in these terms and conditions of the Notes (the "**Conditions**" and, each of them, a "**Condition**").

The provisions in italics are for informational and explanatory purposes only and do not constitute a part of these Conditions.

1. **Form, Denomination and Status**

(a) *Form, denomination and title*

The Notes are serially numbered and in bearer form in the denomination of €200,000 (the "**Authorised Denomination**") with Coupons and talons (each, a "**Talon**") for further Coupons attached at the time of issue. Title to the Notes, the Coupons and the Talons will pass by delivery. The holder of any Note, Coupon or Talon shall (except as otherwise required by law) 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 other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

*The Notes will be represented on issue by a temporary global note in bearer form which will be exchangeable for interests in a permanent global note in bearer form (and together with the temporary global note, the "**Global Notes**"). The permanent global note will in turn be exchangeable for notes in definitive form in the limited circumstances specified therein. The Global Notes will be deposited on or about the issue date with a common depositary for the Clearing Systems.*

(b) *Status and subordination*

The Notes constitute direct, unsecured and subordinated obligations of the Bank and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders and the Couponholders in respect of or arising from the Notes and the Coupons (including damages (if payable)) are subordinated to the claims of Senior Creditors.

If an order is made for the judicial liquidation (*liquidation judiciaire*) of the Bank or an effective resolution is passed for the voluntary liquidation (*liquidation volontaire*) of the

Bank in accordance with the BRR Act 2015 (both types of liquidation proceedings together being referred to as "Liquidation") the Noteholders shall be entitled to receive in respect of each Note an amount equal to the Prevailing Principal Amount of the relevant Note, together with any interest accrued to such date which has not been cancelled as provided in Condition 3 (Interest Cancellation) and together with any damages (if payable), out of the liquidation proceeds after satisfaction of all claims of Senior Creditors and *pari passu* (by percentage of the amount payable) with the satisfaction of all claims of other creditors of the Bank (including holders of Additional Tier 1 Capital Instruments) ranking *pari passu* with the Notes, but prior to the satisfaction of the claims of the shareholders (including holders of CET 1 Capital) of the Bank in their capacity as shareholders and of any creditors of the Bank whose claims are, or are expressed to be, junior to the claims of the Noteholders.

For the avoidance of doubt, Couponholders shall have no rights or claims in respect of or arising from the Coupons in the event of a Liquidation of the Bank.

The Notes are not secured or subject to a guarantee that enhances the seniority of the claims of the Noteholders. For that purpose, no security or guarantee of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Noteholders.

(c) *No set-off*

Subject to applicable law of the Grand Duchy of Luxembourg ("**Luxembourg**"), no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Bank arising under, or in connection with, the Notes or Coupons and each Noteholder or Couponholder shall, by virtue of its holding of any Notes or Coupons (as the case may be), be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the above, if any amounts due and payable to any Noteholder or Couponholder by the Bank in respect of, or arising under, the Notes or Coupons are discharged by set-off, such Noteholder or Couponholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Bank (or the liquidator or administrator of the Bank, as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in a fiduciary (*fiduciaire*) capacity, or where applicable law permits, in trust for the Bank (or the liquidator or administrator of the Bank, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place.

(d) *Claims subject to Principal Write-down and subsequent Principal Write-up*

Any claim of any Noteholder in respect of or arising under the Notes for any amount of principal will be for the Prevailing Principal Amount of such Notes, irrespective of whether the relevant Trigger Event Write-down Notice has been given.

2. **Interest**

(a) *Interest accrual*

The Notes bear interest on their Prevailing Principal Amount at the applicable Rate of Interest from (and including) the Issue Date and the amount of such interest will (subject to Condition 3 (*Interest Cancellation*), Condition 5 (*Payments*) and Condition 8 (*Principal Write-down and Principal Write-up*)) be payable on each Interest Payment Date, in accordance with the provisions of this Condition 2 (*Interest*). Each Note will cease to bear interest from the date fixed for redemption (if any) unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest

in accordance with, and subject to, the Conditions (both before and after judgment) until the day on which such principal is received by or on behalf of the relevant Noteholder.

(b) *Rate of interest*

- (i) The rate of interest in respect of the period from (and including) the Issue Date to (but excluding) 14 November 2025 will be 5.250 per cent. per annum (the "**Initial Interest Rate**").
- (ii) The rate of interest in respect of each period from (and including) a Reset Date to (but excluding) the next following Reset Date (each such period, a "**Reset Period**") shall be the aggregate, converted from an annual basis to a semi-annual basis, of the applicable Mid-Swap Rate on the relevant Mid-Swap Rate Determination Date and the Margin (the "**Subsequent Interest Rate**").

The current market convention for semi-annual rate conversion from an annual rate is as follows:

$$2 \times (\sqrt{\text{Mid} - \text{Swap Rate} + \text{Margin} + 1} - 1)$$

(c) *Interest Payment Dates*

Subject to Condition 3 (*Interest Cancellation*) and paragraph (ii) below, interest, if any, will be payable semi-annually in arrear on 14 May and 14 November of each year commencing on 14 May 2020 (each, an "**Interest Payment Date**").

Subject to Condition 3 (*Interest Cancellation*) and Condition 8 (*Principal Write-down and Principal Write-up*), the first date on which interest may be paid will be 14 May 2020 for the period commencing on (and including) the Issue Date and ending on (but excluding) 14 May 2020.

(d) *Calculation of interest amount*

Subject to Condition 3 (*Interest Cancellation*), Condition 5 (*Payments*) and Condition 8 (*Principal Write-down and Principal Write-up*), the amount of interest payable in respect of each Note shall be calculated by applying the relevant Rate of Interest to the Authorised Denomination, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Prevailing Principal Amount of such Note divided by the Original Principal Amount.

If the Prevailing Principal Amount of the Notes changes on one or more occasions during any Accrual Period, the Calculation Agent shall separately calculate the amount of interest (in accordance with this Condition 2(d)) accrued on each Note for each period within such Accrual Period during which a different Prevailing Principal Amount subsists, and the aggregate of such amounts shall be the amount of interest payable (subject to Condition 8 (*Principal Write-down and Principal Write-up*) and to cancellation in whole or in part pursuant to Condition 3 (*Interest Cancellation*)) in respect of a Note for the relevant Accrual Period.

(e) *Determination of Subsequent Interest Rate*

Each Subsequent Interest Rate shall be determined by the Calculation Agent on the relevant Mid-Swap Rate Determination Date.

(f) *Publication*

The Calculation Agent will cause each Subsequent Interest Rate determined by it to be notified to the Bank, the Paying Agents and, if at any time the Notes are then admitted to trading and/or listed, the competent authority and/or stock exchange by which or on which the Notes have then been admitted to listing and/or trading as soon as possible after such determination but in any event not later than the relevant Reset Date. Notice thereof shall also be given to the Noteholders by the Calculation Agent in accordance with Condition 15 (*Notices*) as soon as possible after the determination thereof but in any event not later than the fourth TARGET Settlement Day thereafter.

(g) *Notifications etc. of Calculation Agent binding*

All notifications, opinions, communications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 2 (*Interest*) by the Calculation Agent will (in the absence of manifest error) be final and binding (unless otherwise provided herein) on the Bank, the Paying Agents, the Noteholders and the Couponholders. No Noteholder or Couponholder shall be entitled to proceed against the Calculation Agent, the Paying Agents or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder, including without limitation in respect of any notification, opinion, determination, certificate, calculation, quotation or decision given, expressed or made for the purposes of this Condition 2 (*Interest*).

The Calculation Agent shall not be responsible to the Bank, the Noteholders, the Couponholders or any third party for any failure of the Reference Banks to provide quotations as requested of them or as a result of the Calculation Agent having acted on any quotation or other information given by any Reference Bank which subsequently may be found to be incorrect or inaccurate in any way.

(h) *Benchmark replacement*

References in this Condition 2(h) (*Benchmark replacement*) to the 5-year Mid-Swap Rate shall be the rate described in paragraph (i) of such definition.

If the Bank or the Calculation Agent determines at any time prior to, on or following any Reset Date, that the Mid-Swap Rate has been discontinued, the Bank will as soon as reasonably practicable (and in any event prior to the next relevant Mid-Swap Rate Determination Date) appoint an agent (the "**Mid-Swap Rate Determination Agent**"), which will determine in a commercially reasonable manner whether a substitute or successor rate for purposes of determining the Mid-Swap Rate on each Reset Date falling on such date or thereafter that is substantially comparable to the relevant Mid-Swap Rate is available.

If the Mid-Swap Rate Determination Agent determines that there is an industry accepted successor rate, the Mid-Swap Rate Determination Agent will use such successor rate to determine the Mid-Swap Rate. If the Mid-Swap Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the "**Replacement Mid-Swap Rate**"), for purposes of determining the Mid-Swap Rate on each Reset Date falling on or after such determination, (i) the Mid-Swap Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction, and any method for obtaining the Replacement Mid-Swap Rate, including any adjustment factor needed to make such Replacement Mid-Swap Rate comparable to the relevant Mid-Swap Rate, in each case in a manner that is consistent with industry-accepted practices for such Replacement Mid-Swap Rate; (ii) references to the Mid-Swap Rate in these Conditions will be deemed to be

references to the Replacement Mid-Swap Rate, including any alternative method for determining such rate as described in (i) above; (iii) the Mid-Swap Rate Determination Agent will notify the Bank of the foregoing as soon as reasonably practicable; and (iv) the Bank will give notice as soon as reasonably practicable to the Noteholders, the Paying Agents and the Calculation Agent specifying the Replacement Mid-Swap Rate, as well as the details described in (i) above. The determination of the Replacement Mid-Swap Rate and the other matters referred to above by the Mid-Swap Rate Determination Agent will (in the absence of manifest error) be final and binding on the Bank, the Calculation Agent, the Fiscal Agent, any Paying Agent, the Noteholders and Couponholders, unless the Bank considers at a later date that the Replacement Mid-Swap Rate is no longer substantially comparable to the Mid-Swap Rate or does not constitute an industry accepted successor rate, in which case the Bank shall re-appoint a Mid-Swap Rate Determination Agent (which may or may not be the same entity as the original Mid-Swap Rate Determination Agent) for the purpose of confirming the Replacement Mid-Swap Rate or determining a substitute Replacement Mid-Swap Rate in an identical manner as described in this paragraph, which will then (in the absence of manifest error) be final and binding on the Bank, the Calculation Agent, the Fiscal Agent, any Paying Agent, the Noteholders and Couponholders. If the Mid-Swap Rate Determination Agent is unable to or otherwise does not determine a substitute Mid-Swap Rate, then the last known Mid-Swap Rate will remain unchanged.

If (i) the Mid-Swap Rate Determination Agent determines that the relevant Mid-Swap Rate has been discontinued but for any reason a Replacement Mid-Swap Rate has not been determined later than the Mid-Swap Determination Cut-off Date, or (ii) the Bank determines that the replacement of the relevant Mid-Swap Rate with the Replacement Mid-Swap Rate or any other amendment to the terms of the Notes necessary to implement such replacement would result in a Regulatory Event or could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital, no Replacement Mid-Swap Rate will be adopted, and the relevant Mid-Swap Rate for the relevant Reset Period will be equal to the last relevant Mid-Swap Rate available as determined by the Calculation Agent.

The Mid-Swap Rate Determination Agent may be (i) a leading bank or a broker-dealer in the principal financial centre of the currency of the Notes as appointed by the Bank, (ii) the Calculation Agent or (iii) any other entity which the Bank considers has the necessary competences to carry out such role.

"Mid-Swap Determination Cut-off Date" means the date which falls five (5) calendar days before the end of the Reset Period relating to the Reset Date in respect of which the provisions of this paragraph (c) shall be applied by the Bank.

3. **Interest Cancellation**

(a) *Optional cancellation of interest*

Interest on the Notes is due and payable only at the sole discretion of the Bank subject to paragraph (b) (*Mandatory cancellation of interest*) below, and the Bank shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. If the Bank does not make an interest payment on the relevant Interest Payment Date (or if the Bank elects to make a payment of a portion, but not all, of such interest payment), such non payment shall evidence the Bank's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable and shall not accumulate.

(b) *Mandatory cancellation of interest*

The Bank shall cancel (in whole or in part, as applicable) any interest payment otherwise due on an Interest Payment Date if and to the extent that:

- (i) the payment of such interest, when aggregated with any interest payments or distributions which have been paid or made or which are required to be paid or made on the Notes or any other own funds items in the then current financial year (excluding any such interest payments or distributions which are not required to be made out of Distributable Items) and any other amounts which the Regulator may require to be taken into account, would cause the amount of Distributable Items (if any) then available to the Bank to be exceeded;
- (ii) the payment of such interest would cause, when aggregated together with other distributions of the kind referred to in article 59-13(2) and (3) of the Financial Sector Law (transposing Article 141(2) of the CRD IV Directive) or any other relevant provisions of the Financial Sector Law, the Maximum Distributable Amount (if any) then applicable to the Bank on a solo basis or the Group on a consolidated basis to be exceeded; or
- (iii) the Regulator orders the Bank to cancel the payment of interest.

Interest payments shall also be cancelled in accordance with Condition 8 (*Principal Write-down and Principal Write-up*).

The Bank may, in its sole discretion, elect to make a partial interest payment on the Notes on any Interest Payment Date.

The Bank shall be responsible for determining compliance with this paragraph and no Agent shall be required to monitor such compliance or to perform any calculations in connection therewith.

(c) *Interest non-cumulative; no event of default*

Any interest payment (or part thereof) not paid on any relevant Interest Payment Date by reason of paragraph (a) (*Optional cancellation of interest*), paragraph (b) (*Mandatory cancellation of interest*) or Condition 8 shall be cancelled and shall not accumulate or be payable at any time thereafter. Non-payment of any interest payment (or part thereof) in accordance with any of paragraph (a) (*Optional cancellation of interest*), paragraph (b) (*Mandatory cancellation of interest*) or Condition 8 will not constitute an event of default by the Bank for any purpose or a breach of the Bank's other obligations or duties or a failure to perform by the Bank in any manner whatsoever, will not entitle Noteholders and Couponholders to petition for the insolvency, dissolution or winding up of the Bank and Noteholders and Couponholders shall have no right to the interest payment (or part thereof) not paid, whether in bankruptcy (*faillite*) or dissolution or as a result of the insolvency of the Bank or otherwise, or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation.

The Bank may use such cancelled payments without restriction to meet its obligations as they fall due.

(d) *Notice of interest cancellation*

The Bank shall provide notice of any cancellation or deemed cancellation of interest (in whole or in part) to the Noteholders and Couponholders in accordance with Condition 15 (*Notices*) and to Paying Agents as soon as possible. If practicable, the Bank shall endeavour to provide such notice at least five (5) business days prior to the relevant Interest Payment

Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Noteholders or Couponholders any rights as a result of such failure.

If the Bank provides notice to cancel a portion, but not all, of an interest payment and the Bank subsequently does not make a payment of the remaining portion of such interest payment on the relevant Interest Payment Date, such non-payment shall evidence the Bank's exercise of its discretion to cancel such remaining portion of the interest payment, and accordingly such remaining portion of the interest payment shall also not be due and payable.

In addition to the cancellation of interest set out above, the Bank shall also cancel the payment of any accrued interest if a Trigger Event has occurred as described in Condition 8 (Principal Write-down and Principal Write-up) below.

In circumstances where Article 141 of the CRD IV Directive (or, as the case may be, article 59-13 of the Financial Sector Law transposing or implementing such Article) applies, no payments will be made on the Notes (whether by way of principal, interest or otherwise) if and to the extent that such payment would cause the Maximum Distributable Amount (if any), determined in accordance with Article 141 of the CRD IV Directive (or, as the case may be, article 59-13 of the Financial Sector Law transposing or implementing such Article) then applicable to the Bank on a solo basis or the Group on a consolidated basis to be exceeded.

4. **Redemption and Purchase**

(a) *No fixed redemption date*

The Notes are perpetual notes in respect of which there is no fixed redemption date and the Bank shall (subject to the provisions of Condition 1(b) (*Form, Denomination and Status – Status*) and without prejudice to the provisions of Condition 9 (*Prescription*)) only have the right to redeem or purchase the Notes in accordance with the following provisions of this Condition 4 (*Redemption and Purchase*).

(b) *Bank's call option*

Subject to paragraph (e) (*Conditions to redemption and purchase*), the Bank may, at its option (and without the requirement for consent or approval of the Noteholders or Couponholders), redeem the Notes, in whole but not in part, (i) at any time in the six months prior to (and including) 14 November 2025 (the "**First Call Date**") or (ii) on any Interest Payment Date thereafter (together with the First Call Date, each an "**Optional Call Date**") at their Prevailing Principal Amount, together with any accrued but unpaid interest (if any) which the Bank decides in its absolute discretion that it will pay (which excludes any interest cancelled or deemed cancelled in accordance with Condition 3 (*Interest Cancellation*)) from (and including) the Interest Payment Date immediately preceding the date fixed for redemption (or, if none, the Issue Date) to (but excluding) the date fixed for redemption.

(c) *Redemption for Regulatory Event*

Subject to paragraph (e) (*Conditions to redemption and purchase*), upon the occurrence of a Regulatory Event, the Bank may, at its option, at any time redeem the Notes, in whole but not in part, at their Prevailing Principal Amount, together with any accrued but unpaid interest (if any) which the Bank decides in its absolute discretion that it will pay (which excludes any interest cancelled or deemed cancelled in accordance with Condition 3 (*Interest Cancellation*)) from (and including) the Interest Payment Date immediately preceding the date fixed for redemption (or, if none, the Issue Date) to (but excluding) the date fixed for

redemption *provided that*, the Bank has demonstrated to the satisfaction of the Regulator that the change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date.

(d) *Redemption for Tax Event*

Subject to paragraph (e) (*Conditions to redemption and purchase*), the Bank may, at its option, redeem the Notes, in whole but not in part, at any time at their Prevailing Principal Amount, together with any accrued but unpaid interest (if any) which the Bank decides in its absolute discretion that it will pay (which excludes any interest cancelled or deemed cancelled in accordance with Condition 3 (*Interest Cancellation*)) from (and including) the Interest Payment Date immediately preceding the date fixed for redemption (or, if none, the Issue Date) to (but excluding) the date fixed for redemption, if as a result of a change in, or amendment to, the laws or regulations of a Taxing Jurisdiction, including any treaty to which the relevant Taxing Jurisdiction is a party, or a change in an official application or interpretation of those laws or regulations on or after the Issue Date, including a decision of any court or tribunal which becomes effective on or after the Issue Date:

- (i) the Bank will or would be required to pay Additional Amounts; or
- (ii) the Bank would not be entitled to claim a deduction in respect of any payments in computing its taxation liabilities or the amount of the deduction would be materially reduced;

(each such circumstance in paragraphs (i) to (ii) above, a "**Tax Event**");

provided that in the case of each Tax Event, the Bank has demonstrated to the satisfaction of the Regulator that such change was material and was not reasonably foreseeable as at the Issue Date and the consequences of the Tax Event cannot be avoided by the Bank taking reasonable measures available to it.

(e) *Conditions to redemption and purchase*

- (i) *Regulator consent and Regulatory Procedures*: Notwithstanding any other provision, the Bank may redeem or purchase the Notes (and give notice thereof to the Noteholders) only if it has obtained the prior approval of the Regulator and has complied with the Regulatory Procedures for the redemption or purchase of the Notes (in each case, if and to the extent required by the Applicable Banking Regulations and in particular with Articles 77 and 78 of the CRR in effect as at the Issue Date) and solely to the extent permitted at any time by Applicable Banking Regulations and in particular with Articles 77 and 78 of the CRR in effect as at the Issue Date.
- (ii) *Bank's certification on Regulatory Event*: in the case of a redemption in accordance with paragraph (c) (*Redemption for Regulatory Event*), prior to giving notice of redemption in accordance with paragraph (iv) (*Notice of redemption*), the Bank shall deliver to the Fiscal Agent a certificate signed by the Bank stating that a Regulatory Event has occurred and the Bank is entitled to effect such redemption. The Fiscal Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above and without further enquiry or liability for so doing, in which event it shall be conclusive and binding on the Noteholders.
- (iii) *Bank's certificate on Tax Event*: in the case of a redemption in accordance with paragraph (d) (*Redemption for Tax Event*), prior to giving notice of redemption in

accordance with paragraph (iv) (*Notice of redemption*), the Bank shall deliver to the Fiscal Agent (i) a certificate signed by the Bank stating that a Tax Event has occurred and that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Bank has or will become subject to a Tax Event. The Fiscal Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out above and without further enquiry or liability for so doing, in which event it shall be conclusive and binding on the Noteholders.

- (iv) *Notice of redemption*: Any redemption of the Notes shall be subject to the Bank providing not less than thirty (30) days' nor more than sixty (60) days' prior notice to the Noteholders in accordance with Condition 15 (*Notices*) and to the Fiscal Agent (such notice being irrevocable except in the limited circumstances set out in paragraph (vi) (*Trigger Event*) below) specifying the Bank's election to redeem the Notes and the date fixed for such redemption, provided that in the case of a redemption in accordance with paragraph (d) (*Redemption for Tax Event*), no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which a Tax Event would occur.
- (v) *No redemption pursuant to Condition 4(b) whilst the Notes are written down*: The Bank shall not be entitled to redeem the Notes pursuant to Condition 4(b) (*Redemption and Purchase - Bank's call option*) (but this restriction shall not, for the avoidance of doubt, apply to a redemption pursuant to Condition 4(c) (*Redemption and Purchase - Redemption for Regulatory Event*) or Condition 4(d) (*Redemption and Purchase - Redemption for Tax Event*)) if, on the relevant redemption date, the Prevailing Principal Amount of the Notes is lower than their Original Principal Amount (and any notice of redemption which has been given in such circumstances shall be automatically rescinded and shall be of no force and effect).
- (vi) *Trigger Event*: If the Bank has elected to redeem the Notes but prior to the payment of the redemption amount with respect to such redemption a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable and instead, a Principal Write-down shall occur in respect of the Notes as described under Condition 8(a) (*Principal Write-down and Principal Write-up – Principal Write-down*). The Bank shall deliver a Trigger Event Write-down Notice in accordance with Condition 8(a) (*Principal Write-down*), which shall also describe that the relevant redemption notice has accordingly been rescinded under this paragraph (vi).

Without prejudice to Condition 4(e)(v) above, following the occurrence of a Trigger Event, the Bank shall not be entitled to give a notice of redemption of the Notes pursuant to Condition 4(b) (*Redemption and Purchase - Bank's call option*), Condition 4(c) (*Redemption and Purchase - Redemption for Regulatory Event*) or Condition 4(d) (*Redemption and Purchase - Redemption for Tax Event*) before the Trigger Event Write-Down Date.

(f) *Purchase*

Subject to paragraph (e) (*Conditions to redemption and purchase*), the Bank or any member of the Group may (subject to article 52(1)(i) of the CRR) purchase or otherwise acquire any of the outstanding Notes at any price in the open market (if any) or otherwise in accordance with article 52(1)(i) of the CRR *provided that* any such purchase may not take place within 5

years after the Issue Date unless permitted by Applicable Banking Regulations (if and to the extent required by the Applicable Banking Regulations).

Subject to paragraph (e) (*Conditions to redemption and purchase*), if there is a market for the Notes, the Bank or any agent on its behalf shall have the right at all times to purchase the Notes for market making purposes *provided that* the total principal amount of the Notes so purchased does not exceed the predetermined amount permitted to be purchased for market-making purposes under Applicable Banking Regulations (such predetermined amount not to exceed the limits set forth in Article 29(3)(b) of Commission Delegated Regulation (EU) 241/2014, as amended or replaced from time to time, and to the extent applicable at the relevant time).

(g) *Cancellation*

All Notes redeemed by the Bank pursuant to this Condition 4 (*Redemption and Purchase*) shall be cancelled and may not be reissued or resold. All Notes purchased by or on behalf of the Bank or any member of the Group may be held, reissued, resold and/or, at the option of the Bank or any such member of the Group, surrendered for cancellation. Any Notes so surrendered for cancellation may not be reissued or resold.

The Notes may only be redeemed or purchased subject to the Maximum Distributable Amount (if any), then applicable to the Bank on a solo basis or the Group on a consolidated basis, not being exceeded by such redemption or purchase.

5. **Payments**

(a) *Principal*

Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) *Interest*

Payments of interest shall, subject to paragraph (f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupon at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (Principal) above.

(c) *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to any (i) applicable fiscal or other laws and regulations in the place of payment, or other laws and regulations to which the Bank or its Agents agree to be subject, but without prejudice to the provisions of Condition 6 (*Taxation*), 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, amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) *Deduction for unmatured Coupons*

If a Note is presented without all unmatured Coupons relating to the current Coupon Sheet (as defined below) thereon, then such missing Coupons shall become void and no payments will be made in respect of void Coupons.

(e) *Payments on Payment Business Days*

Subject to Conditions 3 (*Interest Cancellation*), 4 (*Redemption and Purchase*) and 8 (*Principal Write-down and Principal Write-up*), if the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the Noteholder or the Couponholder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) *Payments other than in respect of matured Coupons*

Payments of interest other than in respect of matured Coupons, if and to the extent payable, shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(g) *Partial payments*

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

(h) *Exchange of Talons*

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Notes (each, a "**Coupon Sheet**"), the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 10 (*Prescription*) and excluding also those Coupons that have been cancelled or deemed cancelled. Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

6. **Taxation**

All payments of principal and/or interest in respect of the Notes and the Coupons by or on behalf of the Bank shall be made free and clear of, and without deduction or withholding for, or on account of, any and all present or future income, stamp and other taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("**taxes**") now or hereafter imposed, levied, collected, withheld or assessed by, or on behalf of, Luxembourg or any political subdivision or authority thereof or therein that has the power to tax (each, a "**Taxing Jurisdiction**"), unless the deduction or withholding is required by law. In that event the Bank shall pay such additional amounts (the "**Additional Amounts**") in respect of payments of interest (but not, for the avoidance of doubt, in respect of payments of principal) as will result in receipt by the Noteholders and the Couponholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. However, no such Additional Amounts shall be payable in respect of any Note or Coupon:

- (i) *Other Connection*: to, or to a third party on behalf of, a holder who is liable to such taxes in respect of such Note or Coupon by reason of his having some connection with a Taxing Jurisdiction other than the mere holding of the Note or Coupon;

- (ii) *Lawful avoidance of withholding*: presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (iii) *Payment by another Paying Agent*: presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, or Coupon to another Paying Agent in a Member State of the European Union; or
- (iv) *Available Distributable Items and compliance with the Maximum Distributable Amount*: if and to the extent that (i) the Bank does not have sufficient Distributable Items to make such payment subject to Condition 3(b) (*Mandatory cancellation of interest*), and/or (ii) such payment would cause the Maximum Distributable Amount (if any) then applicable to the Bank on a solo basis or the Group on a consolidated basis to be exceeded, if required to be calculated at such time.

In these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier)) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation, and any reference to principal or interest shall be deemed to include any Additional Amounts in respect of principal or interest (as the case may be) which are, were or would be payable under this Condition 6 (Taxation).

For the avoidance of doubt, Additional Amounts shall only be payable if and to the extent the Bank has sufficient Distributable Items and such payment would not cause the Maximum Distributable Amount (if any) then applicable to the Bank on a solo basis or the Group on a consolidated basis to be exceeded, if required to be calculated at such time.

7. **Substitution and Variation**

(a) *Substitution and variation*

Subject to Condition 7(b) (*Substitution and Variation - Conditions to substitution and variation*) and Condition 7(c) (*Substitution and Variation - Determination of Trigger Event following notice of substitution or variation*), if a Regulatory Event or a Tax Event (each a "**Special Event**") has occurred and is continuing or in order to align the terms and conditions of the Notes to best practices published from time to time by the European Banking Authority ("**EBA**") resulting from its monitoring activities pursuant to Article 80 of the CRR, the Bank may at its option, without any requirement for the consent or approval of the Noteholders, upon not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (Notices) (which notice shall, subject as provided in Condition 7(c) (*Substitution and Variation - Determination of Trigger Event following notice of substitution or variation*), be irrevocable), substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes so that they become or remain (as the case may be) Qualifying Securities.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Notes.

In these Conditions, "**Qualifying Securities**" means, at any time, any securities issued by the Bank:

- (i) that:
 - (A) contain terms which at such time comply with the then current requirements of the Applicable Banking Regulations in relation to Additional Tier 1 Capital (which, for the avoidance of doubt, may result in such securities not including, or restricting for a period of time the application of, one or more of the Special Event redemption events which are included in the Notes);
 - (B) carry the same rights to redeem as set out in Condition 4(b) (*Redemption and Purchase - Bank's call option*) and the same rate of interest from time to time applying to the Notes prior to the relevant substitution or variation;
 - (C) *rank pari passu* with the Notes prior to the substitution or variation;
 - (D) shall not at the time of the relevant variation or substitution be subject to a Special Event;
 - (E) have terms not materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Bank, and provided that the Bank shall have delivered to the Fiscal Agent a certificate to that effect signed by the Bank; and
 - (F) if (A) the Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Regulated Market or (B) if the Notes were listed or admitted to trading on a recognised stock exchange other than a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Bank.

(b) *Conditions to substitution and variation*

Any substitution or variation of the Notes pursuant to this Condition 7 (*Substitution and Variation*) is subject to compliance with any conditions prescribed under Applicable Banking Regulations, including the prior approval of the Regulator (if required).

(c) *Determination of Trigger Event following notice of substitution or variation*

If the Bank has given a notice of substitution or variation of the Notes pursuant to Condition 7(a) (*Substitution and Variation - Substitution and variation*) and, after giving such notice but prior to the date of such substitution or variation (as the case may be), a Trigger Event occurs, the relevant notice of substitution or variation shall be automatically rescinded and shall be of no force and effect, the Notes will not be substituted or varied on the scheduled substitution or variation date and, instead, a Principal Write-down shall occur in respect of the Notes as described under Condition 8 (*Principal Write-down and Principal Write-up*).

Following the occurrence of a Trigger Event, the Bank shall not be entitled to give a notice of substitution or variation of the Notes pursuant to Condition 7(a) (*Substitution and Variation - Substitution and variation*) before the Trigger Event Write-Down Date.

8. Principal Write-down and Principal Write-up

(a) *Principal Write-down*

(i) *Trigger Event*

Upon the occurrence of a Trigger Event, a Principal Write-down will occur without delay but no later than within one month or such shorter period as may be required by the Regulator (such date being a "**Trigger Event Write-down Date**"), all in accordance with this Condition 8(a) (*Principal Write-down and Principal Write-up – Principal Write-down*).

(ii) *Trigger Event Write-down Notice*

Upon the occurrence of a Trigger Event, the Bank shall:

- (A) immediately notify the Regulator that a Trigger Event has occurred;
- (B) determine the Write-down Amount as soon as possible and no later than on the relevant Trigger Event Write-down Date;
- (C) give notice to Noteholders (a "**Trigger Event Write-down Notice**") in accordance with Condition 15 (*Notices*), which notice shall specify (A) that a Trigger Event has occurred, (B) the Trigger Event Write-down Date and (C) if it has then been determined, the Write-down Amount; and
- (D) no later than the giving of the Trigger Event Write-down Notice, deliver to the Fiscal Agent a certificate signed by the Bank stating a Trigger Event has occurred.

The determination that a Trigger Event has occurred, including the underlying calculations, and any determination of the relevant Write-down Amount shall be irrevocable and be binding on the Noteholders.

If the Write-down Amount has not been determined at the time the Bank gives the Trigger Event Write-down Notice, the Bank shall, as soon as reasonably practicable following such determination having been made, give a further notice to Noteholders in accordance with Condition 15 (*Notices*), confirming the Write-down Amount. Failure to provide any notice referred to in this Condition 8(a) (*Principal Write-down and Principal Write-up - Principal Write-down*) will not have any impact on the effectiveness of, or otherwise invalidate, any such Principal Write-down or give Noteholders any rights as a result of such failure.

(iii) *Cancellation of interest and Principal Write-down*

On a Trigger Event Write-down Date, the Bank shall:

- (A) irrevocably cancel all interest accrued on each Note up to (and including) the Trigger Event Write-down Date (whether or not the same has become due at such time); and
- (B) irrevocably, but without prejudice to any Principal Write-up pursuant to Condition 8(b) (*Principal Write-down and Principal Write-up - Principal Write-up*), reduce the then Prevailing Principal Amount of each Note by the relevant Write-down Amount (such reduction being referred to as a "**Principal Write-down**", and "**Written Down**" being construed accordingly) with effect from the Trigger Event Write-down Date, such Principal Write-down to be effected, save as may be otherwise required by Applicable Banking Regulations and/or the Regulator and subject to Condition 8(a)(v), pro rata and concurrently with the Principal Write-down of the other Notes and the write-down or conversion into equity (as the case

may be) of the then prevailing principal amount of any other Loss Absorbing Instruments.

For the avoidance of doubt, interest will continue to accrue on the Prevailing Principal Amount following the Principal Write-down, as from the Trigger Event Write-down Date (without prejudice to any Principal Write-up pursuant to Condition 8(b) (*Principal Write-down and Principal Write-up - Principal Write-up*)).

In addition, the Regulator shall be entitled to write down the Notes in accordance with its statutory powers.

(iv) *Write-down Amount*

In these Conditions, "**Write-down Amount**" means, on any Trigger Event Write-down Date, the amount by which the then Prevailing Principal Amount of each outstanding Note is to be Written Down and which is calculated per Note, being the lower of:

- (A) the amount per Note (together with, subject to Condition 8(a)(v), the concurrent pro rata Principal Write-down of the other Notes and the write-down or conversion into equity of the prevailing principal amount of any other Loss Absorbing Instruments) that would be sufficient to immediately restore the Consolidated CET1 Ratio or the Solo CET1 Ratio, as the case may be, to at least 7.00 per cent.; or
- (B) the amount necessary to reduce the Prevailing Principal Amount of the Note to one cent.

(v) *Other Loss Absorbing Instruments*

To the extent the write-down or conversion into equity of any Loss Absorbing Instruments is not effective for any reason (i) the ineffectiveness of any such write-down or conversion into equity shall not prejudice the requirement to effect a Principal Write-down of the Notes pursuant to Condition 8(a) (*Principal Write-down and Principal Write-up - Principal Write-down*) and (ii) the write-down or conversion into equity of any Loss Absorbing Instrument which is not, or by the Trigger Event Write-down Date will not be, effective shall not be taken into account in determining the Write-down Amount of the Notes.

Any Loss Absorbing Instruments that may be written down or converted to equity in full (save for any one cent floor) but not in part only shall be treated for the purposes only of determining the relevant pro rata amounts in Condition 8(a)(iii)(B) and Condition 8(a)(iv) as if their terms permitted partial write-down or conversion into equity.

In the event of a concurrent write-down of any other Loss Absorbing Instrument (if any), the pro rata write-down and/or conversion of such Loss Absorbing Instrument shall only be taken into account to the extent required to restore the Consolidated CET1 Ratio or the Solo CET1 Ratio, as the case may be, contemplated above to the lower of (x) such Loss Absorbing Instrument's trigger level and (y) 7.00 per cent., in each case in accordance with the terms of such Loss Absorbing Instrument and the Applicable Banking Regulations, including, in particular, Article 21(1) of the RTS on own funds and paragraphs 104 and 105 of the AT1 Report.

(vi) *No default*

Any Principal Write-down of the Notes shall not:

- (A) constitute an event of default of the Bank or a breach of the Bank's other obligations or duties or a failure to perform by the Bank in any manner whatsoever;
- (B) constitute the occurrence of any event related to the insolvency of the Bank or entitle the Noteholders to any compensation or to take any action to cause the liquidation, dissolution or winding-up of the Bank.

The Noteholders shall have no further rights or claims against the Bank (whether in the case of the liquidation, dissolution or winding-up of the Bank by reason of bankruptcy or otherwise) with respect to any interest cancelled and any principal Written Down in accordance with this Condition (including, but not limited to, any right to receive accrued but unpaid and future interest or any right of repayment of principal, but without prejudice to their rights in respect of any reinstated principal following a Principal Write-up pursuant to Condition 8(b) (*Principal Write-down and Principal Write-up - Principal Write-up*)).

- (vii) *Principal Write-down may occur on one or more occasions*

A Principal Write-down may occur on one or more occasions and accordingly the Notes may be Written Down on one or more occasions (provided, however, that the principal amount of a Note shall never be reduced to below one cent).

- (b) *Principal Write-up*

- (i) *Principal Write-up*

Subject to compliance with the Applicable Banking Regulations, if both a positive Solo Net Profit and a positive Consolidated Net Profit is recorded at any time while the Prevailing Principal Amount is less than the Original Principal Amount, the Bank may, at its full discretion but subject to Conditions 8(b)(ii), 8(b)(iii) and 8(b)(iv), increase the Prevailing Principal Amount of each Note (a "**Principal Write-up**") up to a maximum of its Original Principal Amount on a pro rata basis with the other Notes and with any Discretionary Temporary Write-down Instruments capable of being written-up in accordance with their terms at the time of the Principal Write-up (based on the then prevailing principal amounts thereof), provided that the Maximum Write-up Amount is not exceeded as determined in accordance with Condition 8(b)(iii) below.

Any Principal Write-up Amount will be subject to the same terms and conditions as set out in these Conditions.

For the avoidance of doubt, the principal amount of a Note shall never be increased to above its Original Principal Amount.

- (ii) *Maximum Distributable Amount*

A Principal Write-up of the Notes shall not be effected in circumstances which (when aggregated together with other distributions of the kind referred to in article 59-13(2) and (3) of the Financial Sector Law (transposing Article 141(2) of the CRD IV Directive) or any other relevant provisions of the Financial Sector Law (including other Principal Write-up Amounts in the same 12 month period)) would cause the Maximum Distributable Amount, if any, applicable to the Bank on a solo

basis or the Group on a consolidated basis to be exceeded, if required to be calculated at such time.

(iii) *Maximum Write-up Amount*

A Principal Write-up of the Notes will not be effected at any time to the extent that the sum of:

- (A) the aggregate amount of the relevant Principal Write-up on all the Notes;
- (B) the aggregate amount of any interest on the Notes that was paid or calculated (but disregarding any such calculated interest which has been cancelled) on the basis of a Prevailing Principal Amount that is lower than the Original Principal Amount at any time after the end of the previous financial year;
- (C) the aggregate amount of the increase in principal amount of each Discretionary Temporary Write-down Instrument to be written-up at the time of the relevant Principal Write-up and the increase in principal amount of the Notes and any Discretionary Temporary Write-down Instruments resulting from any previous write-up since the end of the previous financial year; and
- (D) the aggregate amount of any interest payments on each Loss Absorbing Instrument that were paid or calculated (but disregarding any such calculated interest which has been cancelled) on the basis of a prevailing principal amount that is lower than the original principal amount at which such Loss Absorbing Instrument was issued at any time after the end of the previous financial year,

would exceed the Maximum Write-up Amount.

In these Conditions, the "**Maximum Write-up Amount**" means the lower of:

- i. the Solo Net Profit (a) multiplied by the aggregate issued original principal amount of all Written-Down Additional Tier 1 Instruments which qualify as Additional Tier 1 Capital of the Bank on a solo basis, and (b) divided by the Tier 1 Capital of the Bank calculated on a solo basis as at the date when the Principal Write-up is operated; and
- ii. the Consolidated Net Profit (a) multiplied by the aggregate issued original principal amount of all Written-Down Additional Tier 1 Instruments which qualify as Additional Tier 1 Capital of the Group on a consolidated basis, and (b) divided by the Tier 1 Capital of the Group calculated on a consolidated basis as at the date when the Principal Write-up is operated.

(iv) *Principal Write-up and Trigger Event*

A Principal Write-up will not be effected whilst a Trigger Event has occurred and has not been cured. Further, a Principal Write-up will not be effected in circumstances where such Principal Write-up (together with the simultaneous write-up of all other Discretionary Temporary Write-down Instruments) would cause a Trigger Event to occur.

(v) *Principal Write-up pro rata with other Discretionary Temporary Write-down Instruments*

The Bank undertakes that it will not write-up the principal amount of any Discretionary Temporary Write-down Instruments capable of being written-up in accordance with their terms at the time of the relevant write-up unless it does so on a pro rata basis with a Principal Write-up on the Notes.

(vi) *Principal Write-up may occur on one or more occasions*

Principal Write-up may be made on one or more occasions until the Prevailing Principal Amount of the Notes has been reinstated to the Original Principal Amount.

Any decision by the Bank to effect or not to effect any Principal Write-up on any occasion shall not preclude it from effecting (in the circumstances permitted by this Condition 8(b) (*Principal Write-up*)) or not effecting any Principal Write-up on any other occasion.

(vii) *Notice of Principal Write-up*

The Bank shall, as soon as reasonably practicable following its formal decision to effect a Principal Write-up in respect of the Notes and in any event not later than five Business Days prior to the date on which the Principal Write-up shall take effect, give notice of such Principal Write-up to the Noteholders in accordance with Condition 15 (*Notices*). Such notice can be cancelled at any moment prior to the date on which the Principal Write-up shall take effect, in accordance with Article 21(2)(c) of the RTS on own funds. Such notice shall confirm the amount of such Principal Write-up and the date on which such Principal Write-up is to take effect.

(c) *Foreign Currency Instruments*

If, in connection with any Principal Write-down or Principal Write-up of the Notes, any instruments are not denominated in the Accounting Currency at the relevant time ("**Foreign Currency Instruments**", which may include the Notes, any Discretionary Temporary Write-down Instruments and/or any relevant Loss Absorbing Instruments) the determination of the relevant Write-down Amount or Write up Amount (as the case may be) in respect of the Notes, the relevant write up amount of Discretionary Temporary Write-down Instruments and the relevant write-down (or conversion into equity) amount or write up amount (as the case may be) of Loss Absorbing Instruments shall be determined by the Bank based on the relevant foreign currency exchange rate used by the Bank in the preparation of its regulatory capital returns under the Applicable Banking Regulations.

9. **Point of Non Viability**

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements, or understanding between the Bank and any holder, by its acquisition of the Securities, each holder (which, for the purposes of this clause, includes each holder of a beneficial interest in the Notes) acknowledges and accepts that any amount due arising under the Notes may be subject to the exercise of any Write-down or Conversion by the Regulator in the event the Bank is deemed to be at the point of non-viability (meaning either that the conditions for a resolution are met or that the Regulator or the relevant resolution authority deems that the Bank is not viable without writing-down or converting the Notes), and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Write-down or Conversion by the Regulator, which exercise may include and result in any of the following, or some combination thereof:
 - (i) the reduction or cancellation of all, or a portion, of the amounts due;

- (ii) the conversion of all, or a portion, of the amounts due on the Notes into shares, other securities or other obligations of the Bank or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes;
 - (iii) the cancellation of the Notes; and
 - (iv) the amendment or alteration of the provisions of the Notes by which the Notes have no maturity or the amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Notes, as deemed necessary by the Regulator, to give effect to the exercise of any Write-down of Conversion by the Regulator.

10. **Prescription**

Claims arising, to the extent permitted under these Conditions, for principal and interest on redemption shall become void unless the relevant Notes or Coupons are surrendered for payment within ten years (in the case of principal) or within five years (in the case of interest) of the appropriate Relevant Date.

11. **Replacement of Notes, Coupons and Talons**

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Bank may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. **Paying Agents**

In acting in connection with the Notes and Coupons, the Agents act solely as agents of the Bank and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The Bank reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent and additional or successor paying agents and calculation agents; provided, however, that the Bank shall at all times maintain (a) a fiscal agent and (b) a calculation agent.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 15 (*Notices*).

13. **Meetings of Noteholders; Modification**

(a) *Meetings of Noteholders*

Noteholders will belong to a masse (the "**Masse**") created, among other things, for the representation of their common interests pursuant to the provisions of articles 470-3 to 470-19 of the Luxembourg Company Law. The discussion below is based on the Luxembourg Company Law in effect on the Issue Date. Any subsequent amendments to the relevant provisions of the Luxembourg Company Law may amend or modify the discussion below. A general meeting of the Noteholders (the "**Masse Meeting**") or a court order may appoint and

determine the powers of one or more representatives (the "**Representatives**"). Where Representatives have been appointed, Noteholders may no longer individually exercise their rights against the Bank. A Masse Meeting may be called at any time by the Representatives (if any) or the board of directors of the Bank. The Representatives, provided an advance on expenses has been paid to them, or the board of directors of the Bank must convene the Masse Meeting if called upon to do so by Noteholders representing 5 per cent. or more of the Notes outstanding. All Masse Meetings shall be held at the place specified in the notice calling the meeting and such notice shall contain the agenda. The convening notices for Masse Meetings shall take the form of announcements filed with the register of commerce and companies and published in the central electronic platform of official publication for companies and associations (*Recueil électronique des sociétés et associations*) and in a Luxembourg newspaper at least fifteen days before the Masse Meeting. All Noteholders have the right to attend and vote at the Masse Meeting either personally or by proxy. The voting rights attached to the Notes are equal to the proportion of the amount of the outstanding Notes represented by the amount of the Note or Notes held by the relevant Noteholder. A Masse Meeting may be called in the event of a merger involving the Bank, may approve certain changes in the rights of the Noteholders and may, generally, determine any measures designed to ensure the defence of interests or the exercise of the rights of the Noteholders in accordance with the provisions of the Luxembourg Company Law. A Masse Meeting may deliberate validly without a quorum and by vote of a simple majority of Noteholders attending or represented at such Masse Meeting on the appointment and revocation of the Representatives, the revocation of special representatives appointed by the Bank and the approval of any measures of a conservatory nature in the general interests of the Noteholders. On all other matters the Masse Meeting may deliberate validly on first convocation only if Noteholders present or represented hold at least 50 per cent. of the Notes then outstanding. On second convocation no quorum is required. Decisions at such meetings shall be taken by a majority of 66 $\frac{2}{3}$ per cent. of the votes cast by Noteholders attending such meetings or represented thereat. Votes cast shall not include votes attaching to the Notes in respect of which the Noteholder has not taken part in the vote or has abstained or has returned a blank or invalid vote.

(b) *Regulator notice or consent*

These Conditions shall only be capable of modification, if the Bank has notified the Regulator of such modification or obtained the prior consent of the Regulator, as the case may be, (if such notice or consent is then required by the Applicable Banking Regulations).

(c) *Effect for the Holders*

Any such modification shall be binding on all the Noteholders and shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (*Notices*).

14. **Further Issues**

The Bank may from time to time, without the consent of the Noteholders or Couponholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest).

15. **Notices**

Notices to the Noteholders shall be valid if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders

shall be deemed for all purposes to have notices of the contents of any notice given to the Noteholders.

16. **Governing Law and Jurisdiction**

(a) *Governing Law*

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

(b) *Jurisdiction*

The courts of Luxembourg-City shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("**Proceedings**") shall be brought in such courts. The Bank and each of the holders of the Notes, Coupons and Talons irrevocably submits to the jurisdiction of the courts of Luxembourg-City and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Bank and the Noteholders and Couponholders.

17. **Interpretation**

(a) *Definitions*

In these Conditions, the following expressions have the following meanings:

"5-year Mid-Swap Rate" means, in relation to a Reset Period and the Mid-Swap Rate Determination Date in respect of such Reset Period:

- (i) the mid-swap rate for euro swaps with a term of 5 years which appears on the Screen Page as of 11:00 a.m. (Central European time) on such Mid-Swap Rate Determination Date; or
- (ii) subject to the application of Condition 2(h) (*Interest - Benchmark replacement*), if such rate does not appear on the Screen Page at such time on such Mid-Swap Rate Determination Date, the Reset Reference Bank Rate on such Mid-Swap Rate Determination Date.

"5-year Mid-Swap Rate Quotations" means the arithmetic mean of the bid and ask rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

- (i) has a term of 5 years commencing on the relevant Reset Date;
- (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (iii) has a floating leg (calculated on an Actual/360 day count basis) based on six-month EURIBOR.

"Accounting Currency" means euro or such other primary currency used in the presentation of the Bank's accounts from time to time.

"**Accrual Period**" means the period from and including the date from which interest begins to accrue to but excluding the date on which it falls due..

"**Additional Amount**" has the meaning given to such term in Condition 6 (*Taxation*).

"**Additional Tier 1 Capital**" has the meaning given in the Applicable Banking Regulations from time to time.

"**Additional Tier 1 Capital Instruments**" means all obligations which constitute, or which upon issue constituted, Additional Tier 1 Capital of the Bank.

"**Applicable Banking Regulations**" means CRD IV, the BRR Act 2015, the Financial Sector Law, the CSSF Regulation N°18-03 on the implementation of certain discretions of the CRR, any laws, regulations or acts implementing CRD IV and BRRD and any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and applicable to the Bank (in particular the RTS on own funds) and, at any time, the laws, regulations, circular letters and other requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the Regulator and/or (ii) any other national or European authority, in each case then in effect in Luxembourg (or in such other jurisdiction which is the home member state of the Bank as defined in the CRR, the CRD IV Directive, the BRRD, the BRR Act 2015 and the Financial Sector Law ("**Home Member State**")) and applicable to the Bank or the Group.

"**AT1 Report**" means EBA's Report on the monitoring of Additional Tier 1 Instruments of European Union institutions – Third Update, 20 July 2018, as amended from time to time.

"**Authorised Denomination**" has the meaning given to such term in Condition 1(a) (Form, Denomination and Status – Form, denomination and title).

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time.

"**BRR Act 2015**" means the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended, which has implemented the BRRD into Luxembourg law.

"**business day**" means any weekday, other than one on which banking institutions are authorised or obligated by law to close in Luxembourg, unless otherwise defined in the Conditions.

"**CET1 Capital**" means, in respect of either the Bank or the Group (as the case may be), as of any date, the sum, expressed in euro, of all amounts that constitute common equity tier 1 capital of either the Bank or the Group (as the case may be) as of such date, less any deductions from common equity tier 1 capital required to be made as of such date, as calculated by the Bank on an individual basis at the level of the Bank or on a consolidated basis at the level of the Group (as the case may be) in accordance with the Applicable Banking Regulations on such date (which calculation shall be binding on the Noteholders). For the purposes of this definition, the term "common equity tier 1 capital" shall have the meaning assigned to such term in article 50 of the CRR as interpreted and applied in accordance with the Applicable Banking Regulations and, for avoidance of doubt, subject always to the transitional and grandfathering arrangements thereunder, as applicable in Luxembourg (or, as the case may be, in such other jurisdiction which is the Home Member State of the Bank).

"**Clearing Systems**" means Clearstream Banking S.A. and Euroclear Bank SA/NV, or such other clearing system in which the Notes are a participating security.

"**Code**" has the meaning given to such term in Condition 5(c) (*Payments – Payments subject to fiscal laws*).

"**Consolidated CET1 Ratio**" means as of any date, the ratio of CET1 Capital of the Group as of such date to the Risk Weighted Assets as of the same date, expressed as a percentage, all as calculated on a consolidated basis in accordance with article 92 of the CRR.

"**Consolidated Net Profit**" means the net profit of the Bank as calculated on a consolidated basis and as set out in the last audited annual consolidated accounts of the Bank adopted by the Bank's shareholders' meeting (or such other means of communication as determined by the Bank).

"**Conversion**" means the conversion power referred to in Article 57(2) of the BRR Act 2015 and in point (7) of Article 61(1) of the BRR Act 2015.

"**Coupon Sheet**" has the meaning given to such term in Condition 5(h) (*Payments – Exchange of Talons*).

"**CRD IV**" means the legislative package consisting of the CRD IV Directive and the CRR.

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time.

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time.

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by (a) the number of days in the Regular Period in which the relevant period falls (in the case of a relevant period that ends on or before 30 June 2020), or (b) the product of (1) the number of days in the Regular Period in which the relevant period falls and (2) four (in the case of a relevant period that ends after 30 June 2020).

"**Discretionary Temporary Write-down Instruments**" means, at any time, any instrument (other than the Notes) issued directly by the Bank which at such time (a) qualifies as Additional Tier 1 Capital of the Bank on a consolidated basis, (b) has had all or some of its principal amount written-down and (c) has terms providing for a write-up or reinstatement of its principal amount, at the issuer's discretion, upon reporting a net profit.

"**Distributable Items**" means, subject as otherwise defined in the Applicable Banking Regulations from time to time:

- (i) the amount of the Bank's profits at the end of the financial year immediately preceding the financial year in which the relevant Interest Payment Date falls plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments of the Bank (excluding, for the avoidance of doubt, any Tier 2 instruments (as defined in the Applicable Banking Regulations)); less

- (ii) any losses brought forward, profits which are non-distributable pursuant to applicable Luxembourg law and the Bank's articles of association and sums placed to non-distributable reserves in accordance with applicable Luxembourg law and the Bank's articles of association,

those profits, losses and reserves being determined on the basis of the Bank's non-consolidated accounts.

"**€**" or "**euro**" or "**EUR**" means 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.

"**Financial Sector Law**" means the law of 5 April 1993 on the financial sector, as amended (*loi du 5 avril 1993 relative au secteur financier telle qu'elle a été modifiée*).

"**First Call Date**" has the meaning given to such term in Condition 4(b) (*Redemption and Purchase - Bank's call option*).

"**Global Note**" means any of (i) the permanent global note in bearer form and (ii) the temporary global note in bearer form.

"**Group**" means the Bank and its consolidated Subsidiaries taken as a whole.

"**Initial Interest Rate**" has the meaning given to such term in Condition 2(b) (*Interest – Rate of Interest*).

"**Interest Payment Date**" has the meaning given to such term in Condition 2(c) (*Interest – Interest Payment Dates*).

"**Issue Date**" means 14 November 2019.

"**Liquidation**" has the meaning given to such term in Condition 1(b) (*Form, Denomination and Status – Status*).

"**Loss Absorbing Instruments**" means, at any time, any instrument (other than the Notes) issued directly by the Bank which qualifies as Additional Tier 1 Capital of the Bank on a consolidated basis and has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Bank's Solo CET1 Ratio or the Group's Consolidated CET1 Ratio falling below a certain trigger level.

"**Luxembourg Company Law**" means the law of 10 August 1915 on commercial companies, as amended (*loi du 10 août 1915 concernant les sociétés commerciales, telle qu'elle a été modifiée*).

"**Margin**" means 5.444 per cent. per annum.

"**Masse**" has the meaning given to such term in Condition 13 (*Meetings of Noteholders; Modification*).

"**Masse Meeting**" has the meaning given to such term in Condition 13 (*Meetings of Noteholders; Modification*).

"Maximum Distributable Amount" means any maximum distributable amount relating to the Bank on a solo basis or the Group on a consolidated basis required to be calculated in accordance with article 59-13 of the Financial Sector Law (transposing Article 141(2) of the Capital Requirements Directive) and any analogous restrictions arising from the requirement to meet capital buffers under the Applicable Banking Regulations.

"Maximum Write-up Amount" has the meaning given to such term in Condition 8(b) (*Principal Write-down and Principal Write-up – Principal Write-up*).

"Mid-Swap Rate" means, in respect of any Reset Period, the 5-year Mid-Swap Rate determined on the Mid-Swap Rate Determination Date applicable to such Reset Period, as determined by the Calculation Agent.

"Mid-Swap Rate Determination Date" means, in respect of the determination of the Mid-Swap Rate applicable during any Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences.

"Optional Call Date" has the meaning given to such term in Condition 4(b) (*Redemption and Purchase - Bank's call option*).

"Original Principal Amount" means, in respect of a Note at any time, the principal amount of such Note at the Issue Date without having regard to any subsequent Principal Write-down or Principal Write-up pursuant to Condition 8 (*Principal Write-down and Principal Write-up*).

"ordinary shares" means fully paid ordinary shares in the capital of the Bank with a par value, as at the Issue Date, of €70 each.

"outstanding" means all the Notes issued other than (a) those that have been fully redeemed or converted in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption which has not been cancelled as provided in the Conditions and any interest payable after such date) remain available for payment against presentation and surrender of Notes and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased as provided in the Conditions, (e) those mutilated or defaced Notes that have been surrendered in exchange for replacement Notes, (f) (for the purpose only of determining how many Notes are outstanding and without prejudice to their status for any other purpose) those Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Notes have been issued, and (g) any temporary Global Note to the extent that it shall have been exchanged for a permanent Global Note and any Global Note to the extent that it shall have been exchanged for one or more Definitive Notes, pursuant to its provisions.

"own funds" has the meaning given to it in the CRR.

"Payment Business Day" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies) in such place of presentation and, in the case of payment by transfer to a euro account, on which the TARGET System is open.

a **"person"** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) or other legal entity.

"Prevailing Principal Amount" means, in respect of a Note at any time, the Original Principal Amount of such Note as reduced by any Principal Write-down of such Note (on one or more occasions) at or prior to such time pursuant to Condition 8 (*Principal Write-down and Principal Write-up*) and, if applicable following any Principal Write-down, as subsequently increased by any Principal Write-up of such Note (on one or more occasions) at or prior to such time pursuant to Condition 8 (*Principal Write-down and Principal Write-up*).

"Principal Write-down" has the meaning given to such term in Condition 8(a) (*Principal Write-down and Principal Write-up – Principal Write-down*).

"Principal Write-up" has the meaning given to such term in Condition 8(a) (*Principal Write-down and Principal Write-up – Principal Write-up*).

"Proceedings" has the meaning given to such term in Condition 16(b) (*Governing Law and Jurisdiction - Jurisdiction*).

"Qualifying Securities" has the meaning given to such term in 7(a) (*Substitution and variation – Substitution and variation*).

"Rate of Interest" shall mean the Initial Interest Rate and/or the relevant Subsequent Interest Rate, as the case may be.

"Recognised Stock Exchange" means a Regulated Market or another regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

"Regular Period" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

"Regulated Market" means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets on financial instruments, as the same may be amended from time to time.

"Regulator" means (a) as applicable in accordance with regulation (EU) No 1024/2013, the European Central Bank, or any successor or replacement to it, (b) the *Commission de Surveillance du Secteur Financier* ("**CSSF**") or such other authority of Luxembourg (or if the Home Member State of the Bank becomes a jurisdiction other than Luxembourg, such other jurisdiction) which assumes or performs the functions, as at the Issue Date, performed by such authority or authorities or such other or successor authority exercising primary supervisory authority with respect to prudential matters in relation to the Bank and (c) in accordance with the BRR Act 2015 and Regulation (EU) No 806/2014, the Single Resolution Board, as applicable.

"Regulatory Event" means a change in the regulatory classification of the Notes, on or after the Issue Date, that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, and both the following conditions are met:

- (i) the Regulator considers such a change to be sufficiently certain; and
- (ii) the Bank demonstrates to the satisfaction of the Regulator that the regulatory reclassification of the Notes was not reasonably foreseeable at the Issue Date.

For the avoidance of doubt, a Regulatory Event shall not be deemed to have occurred in case of a partial exclusion of the Notes from the Additional Tier 1 Capital of the Bank on a solo

and/or of the Group on a consolidated basis as a result of (i) a Principal Write-down or (ii) a change in the regulatory assessment of the tax effects of a Principal Write-down.

"Regulatory Procedures" means in respect of any redemption or purchase of the Notes:

- (1) on or before such redemption or purchase (as the case may be) of the Notes, the Bank replaces the Notes with own funds instruments of an equal or higher quality on terms that are sustainable for its income capacity; or
- (2) the Bank has demonstrated to the satisfaction of the Regulator that the own funds of the Bank and the Group would, following such redemption or purchase (as the case may be), exceed its minimum capital requirements (including any capital buffer requirements) as set out in CRR, BRR Act 2015 and Financial Sector Law by a margin that the Regulator may consider necessary on the basis set out in CRR, BRR Act 2015 and Financial Sector Law for it to determine the appropriate level of capital of an institution.

"Relevant Date" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

"Representative" has the meaning given to such term in Condition 1.1(a) (*Meetings of Noteholders; Modification*).

"Reset Date" means 14 November 2025 and each fifth anniversary date thereafter, commencing 14 November 2030.

"Reset Period" has the meaning given to such term in Condition 2(b) (*Interest - Rate of interest*).

"Reset Reference Bank Rate" means, with respect to a Mid-Swap Rate Determination Date, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Central European time) on such Mid-Swap Rate Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be the last observable mid-swap rate for euro swaps with a term of 5 years which appears on the Screen Page, as determined by the Calculation Agent.

"Risk Weighted Assets" means, in respect of either the Bank or the Group (as the case may be), as of any date, the aggregate amount, expressed in euro, of the risk weighted assets of either the Bank (as calculated on an individual basis at the level of the Bank) or the Group (as calculated on a consolidated basis at the level of the Group) (as the case may be), as of such date, as calculated by the Bank on an individual basis or on a consolidated basis (as the case may be) in accordance with the Applicable Banking Regulations, on such date (which calculation shall be binding on the Noteholders). For the purposes of this definition, the term "risk weighted assets" means the risk weighted assets or total risk exposure amount, as calculated by the Bank, in accordance with article 92 of the CRR and the Applicable Banking Regulations and, for avoidance of doubt, subject always to the transitional and

grandfathering arrangements thereunder, as applicable in Luxembourg (or, as the case may be, in such other jurisdiction which is the Home Member State of the Bank).

"RTS on own funds" means Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions, as amended by Commission Delegated Regulation (EU) 2015/923 of 11 March 2015.

"Screen Page" means Reuters screen "ICESWAP2" or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the relevant 5-year Mid-Swap Rate.

"Senior Creditors" means creditors of the Bank:

- (i) who are depositors and/or other unsubordinated creditors; or
- (ii) whose claims are, or are expressed to be, junior to the claims of other creditors of the Bank, whether subordinated or unsubordinated (including holders of instruments that constitute (i) Tier 2 instruments (as defined in the Applicable Banking Regulations) and (ii) "senior non preferred" instruments, which are direct, unconditional, unsecured and senior (*chirographaires*) liabilities of the Bank), other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders and Couponholders.

"shareholders" means the holders of ordinary shares.

"Solo CET1 Ratio" means as of any date, the ratio of CET1 Capital of the Bank as of such date to the Risk Weighted Assets as of the same date, expressed as a percentage, all as calculated on a solo basis in accordance with article 92 of the CRR.

"Solo Net Profit" means the net profit of the Bank as calculated on a non-consolidated basis and as set out in the last audited annual non-consolidated accounts of the Bank adopted by the Bank's shareholders' meeting (or such other means of communication as determined by the Bank).

"Special Event" has the meaning given to such term in 7(a) (*Substitution and variation – Substitution and variation*).

"Specified Office" means, as at the date hereof, 69 route d'Esch, L-2953 Luxembourg, and thereafter such other office of the Agents as may be notified to the Noteholders by the Bank.

"Subsequent Interest Rate" has the meaning given to such term in Condition 2(b) (*Interest - Rate of Interest*).

"TARGET2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilizes 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.

"TARGET System" means the TARGET2 system.

"**Tax Event**" has the meaning given to such term in Condition 4(d) (*Redemption and Purchase – Redemption for Tax Event*).

"**Taxing Jurisdiction**" has the meaning given to such term in Condition 6 (*Taxation*).

a "**Trigger Event**" shall occur, at any time, if the Solo CET1 Ratio of the Bank or the Consolidated CET1 Ratio of the Group, as the case may be, is less than 7.00 per cent. as determined by the Bank, the Regulator or any entity appointed by or acting on behalf of the Regulator.

"**Trigger Event Write-down Date**" has the meaning given to such term in Condition 8(a) (*Principal Write-down and Principal Write-up – Principal Write-down*).

"**Trigger Event Write-down Notice**" has the meaning given to such term in Condition 8(a) (*Principal Write-down and Principal Write-up – Principal Write-down*).

"**Write-down**" means the write-down power referred to in Article 57(2) of the BRR Act 2015 and in point (6) of Article 61(1) of the BRR Act 2015.

"**Write-down Amount**" has the meaning given to such term in Condition 8(a) (*Principal Write-down and Principal Write-up – Principal Write-down*).

"**Written Down**" has the meaning given to such term in Condition 8(a) (*Principal Write-down and Principal Write-up – Principal Write-down*).

"**Written-Down Additional Tier 1 Instrument**" means, at any time, any instrument qualifying as Additional Tier 1 Capital Instrument (including the Notes) issued directly by the Bank and which, immediately prior to the relevant Principal Write-up of the Notes at that time, has a prevailing principal amount that, due to it having been written down, is lower than the original principal amount it was issued with.

(b) *Construction of certain references*

In these Conditions, unless otherwise specified or unless the context otherwise requires:

- (i) references to any issue or offer or grant to shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all shareholders, as the case may be, other than shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant;
- (ii) ordinary shares held by the Bank or any of its Subsidiaries shall not be considered as or treated as "in issue";
- (iii) references to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment; and
- (iv) headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The following is an overview of the provisions to be contained in the Global Notes which will apply to, and in some cases modify, the Conditions while the Notes are represented by the Global Notes.

Exchange:

The Temporary Global Note generally will be exchangeable, in whole or in part, for interests in the Permanent Global Note not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, (free of charge to the holder) for Notes in definitive form ("**Definitive Notes**") if one of the following events (each, an "**Exchange Event**") occurs:

- (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system is available; or
- (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

The Issuer will promptly give notice to the Noteholders if an Exchange Event occurs. Thereupon the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) may give notice to the Issuer and the Fiscal Agent and (in the case of paragraph (b) above) the Issuer may give notice to the Fiscal Agent of its intention to exchange the Permanent Global Note for the Definitive Notes. Any exchange shall occur no later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent. Exchanges will be made upon presentation of the Permanent Global Note at the office of the Fiscal Agent on any day on which banks are open for general business in Luxembourg. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an aggregate principal amount of definitive Notes equal to the Prevailing Principal Amount of the Permanent Global Note (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Fiscal Agency Agreement. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

In the event that (a) the Global Note (or any part of it) has become repayable in accordance with Condition 4 and payment in full of the amount due has not been made to the bearer, or (b) following an Exchange Event, the Permanent Global Note is not duly exchanged for definitive Notes by the day provided in the Permanent Global Note, then from 8.00 p.m. (Luxembourg time) on such day each Accountholder will become entitled to proceed directly against the Issuer and the bearer will have no further rights under the Global Note.

Payments:

On and after 24 December 2019 no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. All payments in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to or to the order of the Fiscal Agent or such other paying agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Fiscal Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

Payments of principal and interest in respect of the Notes will not be made within the United States.

Notices:

For so long as all the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders rather than by publication as required by Condition 15 (*Notices*), provided that, so long as the Notes are listed on the Luxembourg Stock Exchange, notice will also be given by publication in a daily newspaper published in Luxembourg and/or on the Luxembourg Stock Exchange's website, *www.bourse.lu*, if and to the extent that the rules of the Luxembourg Stock Exchange so require. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Accountholders:

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (which certificate or other document may comprise any form of statement or print-out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Cedcom System)) as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

Calculation of Interest:

For so long as all of the Notes are represented by one or both of the Global Notes, interest payable to the bearer of a Global Note will be calculated by applying the rate of 5.250 per cent. per annum to the Prevailing Principal Amount for the time being outstanding of the Global Note and on the basis of the actual number of days in the relevant period, from and including the day from which interest begins to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period (as defined in the Conditions) in which the relevant period falls (including the first such day but excluding the last). The resultant figure is rounded to the nearest cent (half a cent being rounded upwards).

Write-down and Write-up:

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) are held on behalf of Euroclear and/or Clearstream, Luxembourg, any Write-down of the Notes will be effected in Euroclear and Clearstream, Luxembourg in accordance with their operating procedures by way of a reduction in the pool factor and any Write-up in respect of the Notes will be effected in Euroclear and Clearstream, Luxembourg in accordance with their operating procedures by way of an increase in the pool factor.

The amount of such Write-down or Write-up will also be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Fiscal Agent.

Prescription:

Claims against the Issuer in respect of payments under the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in the Conditions).

Cancellation:

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the prevailing principal amount of the relevant Global Note on the relevant part of the schedule thereto.

Euroclear and Clearstream, Luxembourg:

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system through which interests in the Notes are held.

Legend:

The following legend will appear on the Permanent Global Notes:

"Any U.S. person who holds this obligation will be subject to limitations under the U.S. income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

USE OF PROCEEDS

The Issuer intends to use the proceeds of the issue of the Notes for general corporate purposes, which may include investments in, or capital contributions to, its subsidiaries, and in connection with its general funding requirements.

BANQUE INTERNATIONALE À LUXEMBOURG, SOCIÉTÉ ANONYME

Founded in 1856, Banque Internationale à Luxembourg ("**BIL**") is the oldest multi-business bank in the Grand Duchy. It has always played an active role in the development of Luxembourg's economy and issued its first banknotes in the very year of its creation. The bank offers retail, private, corporate and institutional banking as well as treasury and financial market services.

BIL employs more than 2,000 people in total in its offices in Luxembourg, Switzerland (since 1985), Denmark (since 2000), the Middle East (since 2005) and Sweden (since 2016). Its specialised entities BIL Lease, BIL Fund & Corporate Services, Belair House and BIL Manage Invest offer a full range of services for investors and professionals.

Through its national and international network, BIL offers bespoke and innovative financial services to meet the specific needs of a broad client base. These services help client wealth and businesses to flourish and support financial professionals in developing their activities.

Introduction

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

BIL's duration is unlimited.

Objects

BIL's statuts (articles of incorporation) were approved by the royal grand ducal decrees of 8 March and 14 April 1856 and have been amended from time to time. Amendments to the statuts are published in the Mémorial C, Recueil des Sociétés et Associations (the "**Mémorial**") and, as from 1st June 2016, in the central electronic platform of official publication for companies and associations (Recueil électronique des sociétés et associations) only. The most recent amendment was made on 25 April 2019. The objectives of BIL are to undertake all banking and financial operations of whatsoever kind, and, inter alia, to accept deposits from the public or any other persons or institutions and to grant credit for its own account. It may also undertake all activities reserved for investment firms and to other professionals in the financial sector and all financial, administrative, management and advisory operations directly or indirectly related to its activities. It may establish subsidiaries, branches and agencies in or outside Luxembourg and participate in all financial, commercial and industrial operations.

Origins and history

Banque Internationale à Luxembourg, the first public limited bank in Luxembourg, was founded on 8 March 1856, to provide financing for the railways and the iron and steel industry of a country that was at that time predominantly agricultural. The same year, it issued its first banknotes and was one of the few private establishments to retain this privilege until the introduction of the euro. In October 1989 BIL moved into its newly-built headquarters on route d'Esch in Luxembourg-City. To commemorate the 150th anniversary of the independence of the Grand Duchy, the building was named "L'Indépendance".

In July 1985 the Bank commenced its private banking activities in Switzerland, followed in 2000 by the opening of private banking activities in Denmark. BIL Fund & Corporate Services was formed in September 2002 under the name Experta to offer custom investment and corporate services.

2013

In view of the requirements of the European directive on alternative investment fund managers (the "**AIFM Directive**"), BIL formed its own management company, BIL Manage Invest ("**BMI**"), on 28 June 2013.

In late November 2013, IBM took over Associated Dexia Technology Services ("**ADTS**") and renamed it Innovative Solutions for Finance ("**IS4F**") which is responsible for managing IT infrastructure.

In September 2013, BIL set up an independent multi-family office, named Belair House. After the ministerial approval received on 17 February 2014, Belair House started its family office and investment office services to ultra-high-net-worth individuals and families on 1 April 2014.

2014

BIL Fund & Corporate Services (BFCS, formerly named Experta) underwent a strategic repositioning in 2014 to increase the focus on its core business of global corporate services. BFCS offers wealth structuring solutions, and address the structuring needs of investors active in real estate and private equity. As part of the overall wealth management strategy, BFCS works closely with BIL, whilst strengthening its own identity outside of the BIL Group, offering a full open architecture approach to find the optimal solution for each client.

BIL Manage Invest (BMI) reconfirmed its positioning as a third-party ManCo and is able to provide fund promoters with the regulatory infrastructure required by the AIFMD (Alternative Investment Fund Managers Directive). This external AIFM solution is of particular interest to investors active in alternative asset classes including real estate and private equity. The granting of the AIFM license in May 2014 marked an important step in its development. In November 2014, BMI also received CSSF approval as a UCITS Management Company.

With the intent to focus and strengthen its presence in the region, BIL officially inaugurated its BIL Middle East branch in the United Arab Emirates in October 2014. Located in the Dubai International Financial Centre.

2015

On 2 November 2015, the Bank successfully closed the acquisition of KBL (Switzerland) Ltd., a transaction that significantly strengthened BIL's activities in Switzerland, where the bank had been established for over 30 years. This amplified presence allowed BIL to offer clients better-performing solutions, but also to attract a new wealthy international clientele. BIL Suisse is now operational in three locations: Zurich, Geneva and Lugano.

Based on the experience of BIL's Nordic desk, which covers Denmark, Norway, Finland and Sweden, as well as its branch in Denmark, BIL extended its physical presence to Sweden where a representation office opened on 4 January 2016.

BIL was the first Luxembourgish bank to sign the InnovFin guarantee agreement for SMEs with the European Investment Fund ("**EIF**") in 2015. The agreement enables BIL to provide EIF-backed loans with a total value of EUR 60 million to innovative companies in Luxembourg for a period of two years.

These initiatives complement BIL's existing range of services for innovative companies such as BIL Start and the Digital Tech Fund which was launched in December 2015 in cooperation with the Luxembourgish government. They were followed by others such as a collaboration charter of financing and support services with Innohub – a soft landing platform and accelerator for national and international startups. This contract lays the foundations for a close, win-win relationship between the two partners.

2016

Digitisation is a key aspect of BIL's strategy. In Luxembourg, BIL became the first bank to offer its clients a fully mobile experience on iPhones and iPads (BILnet). Thus BIL clients can access their accounts and all online services on an iPhone or iPad without using a second device to confirm their authentication.

This simplified mobile access to BILnet is one of many digital innovations offered by the bank and follows the integration of Touch ID into its BILnet Mobile app for account views and generating transfers. BIL is also the only bank in Luxembourg that enables cash withdrawals from its ATMs with a smartphone instead of a bank card.

2017

2017 was marked by the preparations of the MiFID II and PRIIPs regulations that came into force on 3 January 2018, bringing profound changes to the way in which BIL interacts with clients. The preparations for this new regulatory environment dominated the fourth quarter of 2017 as MiFID II also required BIL to rethink its investment offering, revenue model, relationship with third-party intermediaries, as well as certain processes and ways of working.

MiFID II enables BIL's clients to benefit from increased investor protection. BIL took the new regulation as an opportunity to remodel and streamline its investment offer. In doing so, it tries to meet the clients' needs even better, in full compliance with the new regulatory requirements and close gaps in the offering that had arisen over time.

As a result, BIL Private Banking introduced a new simplified investment offer towards the end of 2017 along with a new pricing approach (offering clients the choice between "pay as you go" vs. "all-in" schemes and incentivising clients to increase their business with BIL, amongst other changes). The main objectives of this revamped value proposition are, in addition to better meeting the client's needs with a compliant offer, to increase the mandate penetration; reduce BIL's operational cost (offer simplification) and to optimise and increase revenues.

On the IT side, the Transformation Programme is continuing to drive two strategic initiatives: (1) creating digital, CRM and analytics capabilities in the bank in order to enhance the overall customer experience and improve selected customer journeys, and (2) replacing the Core Banking Platform BLS by the state of the art software product T24 to achieve operational synergies and to standardise business process implementation following an ADOPT approach.

2018

In April 2018, BIL significantly extended its client offering with the launch of 12 in-house investment funds. The new fund range, which comes in addition to six existing funds, offers clients a gateway to a range of investment strategies covering various asset classes across the globe. BIL Invest will become the so-called 'building blocks' of the BIL product offering. With the help of a dedicated Relationship Manager, clients can hand-pick the funds which are best aligned with their own preferences and expectations. This will result in a combination of funds that can serve as the backbone of a diversified portfolio.

A key digitalisation milestone was met in April when BIL became the first Luxembourg bank to offer online account opening entirely from a smartphone or tablet in a matter of minutes via its new app. By answering a few questions, prospects can be identified during a webcam session, and the process ends with the electronic signature of the banking contract and the issuance of an IBAN number.

The Luxembourg authorities implemented the new law on creditors' hierarchy (amending the BRRD) on 25 July, 2018. In September 2018, BIL successfully launched the first senior non-preferred transaction in Luxembourg. Thirty European institutional investors subscribed to this EUR300,000,000 bond issue of a five year duration. The operation serves both to build the necessary debt cushion under the BRRD but also to strengthen BIL's ratings.

Recent Developments

On 2 July 2018, Legend Holdings Corp., a Hong Kong-listed diversified investment group, acquired a 89.936 per cent. stake in BIL from Precision Capital S.A., a Luxembourg-based financial holding company. The acquisition represents a long-term strategic investment for Legend Holdings. They are committed to strengthening the BIL brand domestically and internationally, as well as to further enhancing its client offering and pursuing the BIL2020 strategy. The Grand Duchy of Luxembourg remains an important shareholder and retains its 9.993 per cent. ownership of BIL.

The acquisition of the majority stake in BIL by Legend Holdings opened up many opportunities in the increasingly attractive Chinese market. China has become the second largest wealth management market in the world after the United States of America (USA) and these wealthy individuals are increasingly interested in diversifying their portfolio by investing overseas in European and Asian markets such as Hong Kong. This presents an opportunity for BIL as the Bank's longstanding experience in private and corporate banking paired with Legend Holdings' extensive network and excellent reputation in China constitutes a competitive advantage. Wealth Management is therefore a key factor in the development of BIL's China strategy and the Bank is currently beefing up its capacity to service High Net Worth Individual (HNWI) clients as well as business owners. As a first step, two dedicated wealth management China desks were opened in Luxembourg and Switzerland in early 2019.

It should be noted that BIL can provide more than just private banking services for Chinese clients, BIL also offers holistic services for businesses wishing to establish a presence in Luxembourg. The Bank can also help investors to benefit from the Luxembourgish investment fund hub, thereby acting as an investment bridge between China and Europe. For example, BIL is the administrator of the first Chinese innovation private equity fund domiciled in Luxembourg, the "China-Luxembourg Innovation Investment Fund" (CLIIF). The fund was officially launched at BIL's headquarters on April 26 in the presence of representatives of the Luxembourgish government, the Chinese ambassador to Luxembourg and senior representatives of major Chinese banks.

With the arrival of Legend Holdings Corp. as the bank's new shareholder, BIL now has an outstanding venture capital fund manager as a sister company which it can leverage on: Legend Capital. Thanks to Legend Capital's proven track record, powerful deal sourcing (e.g. extended network) and unique strengths in the Chinese private equity market (including a deep knowledge of various key sectors), BIL is now equipped to give clients access to an exclusive and solid private equity product: BIL PE I.

BIL opened a representative office in Beijing on 17 September 2019, marking BIL's first physical presence in China. Regulated by the China Banking and Insurance Regulatory Commission, the office will mainly conduct market research and promote the BIL brand in the Chinese market while the banking and investment services will be provided by BIL itself. As part of its strategy for the Chinese market, BIL plans to grow organically and potentially via acquisitions in the wealth management field in particular.

BIL's subsidiary Experta changed its name to BIL Fund and Corporate Services on 15 February, 2019. This rebranding emphasises the reorientation of the product offering towards the fast-growing alternative fund industry. It also reflects the close cooperation between BIL Fund and Corporate Services, BIL and BIL Manage Invest in the provision of asset structuring, private equity and real estate services.

Throughout the first six months of 2019, BIL continued to support innovative companies in Luxembourg. In April for example, the InnovFin guarantee agreement that was signed by the European Investment Fund and BIL in 2015 was extended to allow BIL to expand its lending to innovative Luxembourgish small and medium-sized businesses and small mid-caps. The InnovFin facility now covers up to EUR 80 million in total.

In another move to promote lending to entrepreneurs, BIL signed a framework agreement with Office du Ducroire (ODL) on 13 May, 2019 aimed at increasing lending to Luxembourgish companies to boost their international trade. ODL is a public institution that provides financial support to Luxembourgish companies

to help cover their promotion and exhibition costs. ODL also offers them insurance solutions for international trade and investment risks. This is the first agreement of its kind between ODL and a bank.

The high quality of BIL's products and services received positive feedback on the market on several occasions in early 2019. In April, Global Finance named BIL the Best Bank in Luxembourg 2019 for the third year in a row.

BIL was also judged favourably by rating agencies: on 18 June, Fitch upgraded BIL's short-term rating to F1 following a review of their criteria linking short-term to long-term ratings. Fitch's new approach takes funding and liquidity factors as principal determinants which resulted in BIL's more favourable rating. BIL's Long-Term Issuer Default Rating is considered by Fitch to be at "BBB+ with a Positive Outlook" level.

A further indicator of BIL's good standing on the market is the ease with which the Bank manages to place bonds. For example, BIL issued CHF 150 million of senior non-preferred bonds in Switzerland in June. The bonds were issued to comply with the Bank Recovery and Resolution Directive (BRRD), which requires banks to maintain a sufficient buffer of capital and reserves, subordinated bonds and senior non-preferred bonds to absorb potential losses. The fact that the bonds were purchased by 60 institutional investors within less than two hours shows the confidence investors place in the Bank and in its shareholders.

The Bank's Solo CET1 Ratio at 30 June 2019 stood at 11.44%. Periodic differences between the Bank's Solo CET1 Ratio and BIL Group's Consolidated CET1 Ratio may result from technical adjustments, e.g. inclusion of H1 profits in the Group 30 June Consolidated CET Ratio.

Outlook

BIL's Board of Directors approved its next five-year strategic plan in July 2019 in the continuity of the BIL 2020 plan. This plan not only maps the overall strategic aims for BIL group but also defines the key priorities for the different business lines for the period from 2020 to 2025. Both Legend Holdings and the Grand Duchy of Luxembourg are committed to providing the necessary support for the implementation of the plan. This commitment could for example take the form of retained earnings within the company (instead of paying dividend) as well as potential capital support if required over the horizon of the plan due to balance sheet growth or increases in BIL's capital needs, including as a result of regulatory RWA inflation (so-called Basel IV). The approved plan considers a 12% CET1 ratio target.

In Luxembourg, which will continue to be BIL's core market, the Bank intends to defend its strong market share thanks to organic and semi-organic growth in all business areas. More specifically, BIL aims to enhance its reputation as an entrepreneur-friendly bank as well as an asset manager and trusted advisor.

Internationally, BIL intends to leverage the network and expertise of Legend Holdings to launch dedicated Wealth Management and CIB services. Concerning Wealth Management services more broadly, the Bank's expertise will be focused on key countries and key customer segments and a more selective approach will be applied to those with a lower growth potential.

All above mentioned initiatives will be supported by a new, reliable, modern core banking system. By streamlining internal processes, efficiency gains will be delivered over the next five years, improving the cost-income ratio of the Bank.

Risk Management

BIL group Risk Management teams help the Management Board to drive an effective, sound and prudent day-to-day business (and inherent risk) management in compliance with the strategies and guiding principles laid down by the Board of Directors.

The Risk Management department (i) ensures that all risks are under control by identifying, measuring, assessing, mitigating and monitoring them on an on-going basis (global risk policies and procedures define

the framework for controlling all types of risks by describing the methods used and the defined limits, as well as the escalation procedures in place); (ii) ensures that the risk limits are compatible with the strategy, the business model and the structure of the Bank through an effective risk appetite framework, which defines the level of risk the institution is willing to take in order to achieve its strategic and financial objectives; (iii) ensures compliance with banking regulatory requirements by submitting regular reports to the supervisory bodies, participating in regulatory discussions and analysing all new requirements related to Risk Management that affect the Bank's activities (i.e. regulatory watch).

Principal Subsidiaries

At 1 July 2019, the Bank held a direct interest of at least 20 per cent. in the capital of the following undertakings:

Name of Company	Registered Office	Proportion of capital held directly
Audit Trust S.à r.l. (*)	Luxembourg	100.00%
Banque Internationale à Luxembourg (Suisse) S.A.	Zurich, Switzerland	100.00%
BIL Fund & Corporate Services SA (formerly Experta Corporate and Fund Services S.A.)	Luxembourg	100.00%
BIL Manage Invest	Luxembourg	100.00%
BIL Private Invest Management S.à r.l.	Luxembourg	100%
BIL Reinsurance S.A.	Luxembourg	100.00%
Biltrust Limited	St Peter Port, Guernsey	100.00%
Belair House S.A.	Luxembourg	100.00%
Europay Luxembourg SC	Luxembourg	52.20%
IB Finance S.A.	Luxembourg	100.00%
Koffour S.A. (*)	Luxembourg	100.00%
Lannage S.A. (*)	Luxembourg	100.00%
Red Sky S.A.	Luxembourg	100.00%
Private II Wealth Management S.à r.l.	Luxembourg	100.00%
Société de la Bourse de Luxembourg S.A.	Luxembourg	21.41%
Société du 25 juillet 2013 (in liquidation)	Paris, France	100.00%
Société Luxembourgeoise de Leasing - BIL Lease S.A.	Luxembourg	100.00%
Valon S.A. (*)	Luxembourg	100.00%

(*) held through BIL Fund & Corporate Services SA

BIL also owns a 13.14% share in Luxembourg national airline carrier Luxair, further reflecting BIL's important position in the Luxembourg economy.

Board of Directors and Executive Committee

The Board of Directors is responsible overall for BIL. Among its missions, the Board of Directors is responsible for setting and overseeing the overall business strategy, the overall risk strategy and policy including the risk tolerance/ appetite and the Risk Management framework.

The Executive Committee consists of the CEO, the Management Board members and the heads of other support lines and business lines. The Chief Compliance Officer as well as the Chief Internal Auditor are permanent invitees to the Executive Committee, with direct reporting lines also to the Board Chairman (amongst other directors). The Executive Committee is in charge of running BIL and meets on a weekly basis with a majority of Management Board members.

The Management Board is composed of the Authorised Management members and is collegially responsible for the effective day-to-day management of BIL and typically deciding on matters of strategic importance and significant impact in line with the regulatory framework. It meets on a weekly basis as integral part of the Executive Committee and on an ad-hoc basis, as needed.

The Executive Committee exercises its duties under the supervision of the Board of Directors.

Board of Directors

Name	Function/responsibility	Address	Directorships and significant appointments outside of the Issuer
Luc Frieden	Chairman	69, route d'Esch, L-2953 Luxembourg	
Peng Li	Vice Chairman	Ke Xue Yuan Nanlu, Haidian District, Room 1701, 17/F, Block 1, Court No. 2 Beijing, China	Senior Vice President, Legend Holdings Corp.
Marcel Leyers	Chief Executive Officer	69, route d'Esch, L-2953 Luxembourg	
Maurice Lam	Member	13a, Avenue Guillaume, L-1651 Luxembourg	
Jing Li	Member	10, Lintheschergasse, CH-8001 Zurich, Switzerland	Managing Director, Legend Holdings Corp.
Christian Schaack	Member	29, rue de Scheuerhof, L-5412 Canach	
Vincent Thurmes	Member	3, rue de la Congrégation, L-1352 Luxembourg	Ministry of Finance
Chris Van Aeken	Member	89, West Heath Road, NW3 7TN London, United Kingdom	

Pierrot Rasqué	Member	3, rue de la Congrégation, L-1352 Luxembourg	Ministry of Finance
Michel Scharff	Member (appointed by the delegation of employees)	69, route d'Esch, Luxembourg	L-2953
Serge Schimoff	Member (appointed by the delegation of employees)	69, route d'Esch, Luxembourg	L-2953
Marc Terzer	Member (appointed by the delegation of employees)	69, route d'Esch, Luxembourg	L-2953
Ashley Glover	Member, subject to regulatory approval (appointed by the delegation of employees)	69, route d'Esch, Luxembourg	L-2953

Executive Committee

Name	Title	Function/ responsibility
Marcel Leyers	Chairman*	Chief Executive Officer
Stéphane Albert	Member*	Chief Risk Officer
Yves Baguet	Member*	Chief Operating Officer
Hans-Peter Borgh	Member*	Head of Wealth Management & International Corporate Development
Olivier Debehogne	Member*	Head of Retail, Private Banking Luxembourg & Digital
Jeffrey Dentzer	Member	Head of Corporate & Institutional Banking
Martin Freiermuth	Member	Head of Products & Markets
Erwin Liebig	Member	Head of Strategy, Corporate Development & Marketing
Bernard Mommens	Member*	Secretary General and General Counsel
Nico Picard	Member*	Chief Financial Officer
Karin Scholtes	Member*	Global Head of People, Culture and Communication
Pia Haas	Permanent Invitee	Chief Internal Auditor
Marie Bourlond	Permanent Invitee	Chief Compliance Officer

*Authorised Management Board members

There are no potential conflicts between any duties to BIL in relation to the persons referred to above and their private interest and/or other duties.

The conflict of interests between the Directors' duties and/or the members of the Executive Committee's duties to BIL and their private interests or other duties, if any, are submitted, according to Article 441-7 al 2 of Luxembourg Companies Act 1915 to the Annual General Meeting.

The business address of each member of the Executive Committee is 69, route d'Esch, L-2953 Luxembourg.

Shareholders

Legend Holdings Corp. holds 89.94 per cent of the issued share capital in BIL and the Grand Duchy of Luxembourg holds a further 9.99 per cent. Please see "Shareholder Change" above for more details.

Fiscal Year and Accounts

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

Independent Auditors

Since 1 January 2013, the independent auditors of the Issuer are Ernst & Young S.A., 35E, Avenue John F. Kennedy, L-1855 Luxembourg.

Financial Information

The following table sets out summary information extracted from the Issuer's consolidated audited statement of income for each of the two years ended 31 December 2017 and 31 December 2018, and the Issuer's consolidated statement of income for the six months ended 30 June 2018 and for the six months ended 30 June 2019.

Profit or loss (in EUR)	31 December, 2017 (Restated) IAS 39 Audited	30 June 2018 (Restated) (unaudited)	31 December, 2018 IFRS9 Audited	30 June 2019 (unaudited)
Income	562,290,340	278,460,285	573,318,245	264,660,710
Expenses	-396,116,955	-197,869,981	-398,261,445	-196,380,485
Gross operating income	166,173,385	80,590,304	175,056,800	68,280,225
Impairment on financial instruments and provisions	-20,036,185	2,646,727	-18,122,023	-7,774,192
Provisions for legal litigation	234,317	-	-510,000	-
Net income before tax	146,371,517	83,237,031	156,424,777	60,506,033
Tax expense	-21,966,183	-20,826,355	-25,610,161	-15,854,166
Net income	124,405,334	62,410,676	130,814,616	44,651,867
Net Income - Group share	124,405,334	62,410,676	130,814,616	44,651,867

The following table sets out summary information extracted from the Issuer's audited consolidated statement of financial position as at 31 December 2017 and 31 December 2018, and the Issuer's consolidated statement of financial position as at 30 June 2019.

ASSETS (in EUR)	31/12/2017 (Restated) IAS 39 Audited	31/12/2018 IFRS9 Audited	IFRS9 30/06/19 (unaudited)
I. Cash, balances with central banks and demand deposits	2,795,735,288	3,281,434,826	3,182,122,235
II. Financial assets held for trading	70,526,377	126,889,819	236,998,542
III. Financial investments measured at fair value		1,498,024,806	1,323,879,422
Financial investments available for sale	4,178,699,775		
IV. Loans and advances to credit institutions	653,467,381	1,075,243,576	1,107,879,182
V. Loans and advances to customers	13,344,203,406	13,386,056,162	13,999,278,040
VI. Financial investments measured at amortised cost		5,039,541,719	5,801,263,716
Financial investments held to maturity	1,753,271,909		
VII. Derivatives	227,748,388	290,313,542	205,928,985
VIII. Fair value revaluation of portfolio hedged against interest rate risk	3,175,567	1,470,569	744,647
IX. Investments in subsidiaries, joint ventures and associates	25,225,654	24,580,236	25,307,418
X. Investment property	134,820,000	800,000	800,000
XI. Property, plant and equipment	111,832,558	106,587,651	142,581,962
XII. Intangible fixed assets and goodwill	161,458,649	194,083,757	211,001,588
XIII. Current tax assets	224,374	201,980	512,433
XIV. Deferred tax assets	233,836,509	225,453,739	212,771,443
XV. Other assets	76,400,794	62,015,329	82,422,235
XVI. Non-current assets and disposal groups held for sale	0	171,859,785	172,275,273
TOTAL ASSETS	23,770,626,629	25,484,557,496	26,705,767,121

LIABILITIES (in EUR)	31/12/2017 (Restated) IAS 39 Audited	31/12/2018 IFRS9 Audited	IFRS9 30/06/19 (unaudited)
I. Amounts due to credit institutions	2,787,854,788	2,945,818,913	2,889,034,523
II. Amounts due to customers	16,315,477,809	17,267,224,127	18,315,578,081
III. Other financial liabilities			37,275,878
IV. Financial liabilities measured at fair value through profit or loss	776,333,210	832,445,114	1,031,051,223
V. Derivatives	384,294,457	503,183,727	507,761,136
VI. Fair value revaluation of portfolio hedged against interest rate risk	35,131,162	24,826,064	19,815,749
VII. Debt securities	1,580,051,579	1,933,985,745	1,836,865,415
VIII. Subordinated debts	281,864,136	285,345,888	285,668,828
IX. Provisions and other obligations	58,643,944	53,116,313	52,426,614
X. Current tax liabilities	4,452,914	1,878,972	1,625,006
XI. Deferred tax liabilities	8,699,564	4,876,126	5,699,274
XII. Other liabilities	228,254,924	245,969,510	284,315,592
XIII. Liabilities included in disposal groups held for sale	0	1,335,413	391,975
TOTAL LIABILITIES	22,461,058,487	24,100,005,912	25,267,509,294
TOTAL SHAREHOLDERS' EQUITY	1,309,568,142	1,384,551,584	1,438,257,827
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	23,770,626,629	25,484,557,496	26,705,767,121

BIL excess cash deposited at the Luxembourg and Swiss central banks amounted to EUR 2.54 billion as of 31 December 2018.

The above consolidated statement of income and consolidated balance sheet as at 30 June 2018, 31 December 2018 and 30 June 2019 have been prepared using IFRS 9 and consequently, the related information is not comparable with the financial statements prepared using IAS 39.

Restatements made in accordance with IAS 8

Investment properties

Compared to previous financial statements, in the financial statements as at 31 December 2018, BIL has changed its accounting policy for the measurement of property held for investment where it switches from the cost model to the fair value model as permitted by IAS 40.

In accordance with IAS 8, BIL has voluntarily changed the measurement model of investment property from cost to fair value in order (i) to align with the accounting policies of its new shareholder Legend Holdings and (ii) to provide more relevant information about the Bank's financial position.

Provisions for pensions

Compared to previous financial statements, in the financial statements as at 31 December 2018, BIL has corrected the calculation of the provisions for pensions where obligations are calculated considering employees' historical occupancy rate instead of considering each employee with a full time occupancy rate.

Impact of restatements made in accordance with IAS 8

In accordance with IAS 8, the changes made have been applied retrospectively and impact the financial position of BIL as disclosed in the table hereunder.

in EUR	31/12/17	31/12/17 restated	Impact of restatement of provisions for pensions	Impact of restatement of investment properties
I. Investment property	114,161,786	134,820,000	0	20,658,214
II. Deferred tax assets	238,463,684	233,836,509	(2,937,396)	(1,689,779)
III. Other assets	74,322,139	76,400,794	2,078,655	0
TOTAL ASSETS	23,752,516,935	23,770,626,629	(858,741)	18,968,435
IV. Provisions and other obligations	67,858,620	58,643,944	(9,214,676)	0
V. Deferred tax liabilities	4,641,338	8,699,564	0	4,058,226
VI. Reserves and retained earnings	275,198,005	291,372,912	8,412,817	7,762,090
VII. Net income for the year	116,643,342	124,405,334	613,873	7,148,119
VIII. Gains and losses not recognised in the consolidated statement of income	46,486,381	45,815,626	(670,755)	0
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	23,752,516,935	23,770,626,629	(858,741)	18,968,435

Overview of commercial activities

Assets under Management increased by 36% between December 2012 and December 2018 and reached EUR 39.5 billion as of 31 December 2018 representing an organic growth of EUR 950 million compared to 31 December 2017 (breakdown per commercial activities: 15 % Retail Banking, 21 % Corporate Banking and 64 % Private Banking).

Customer Deposits increased by 50% between December 2012 and December 2018 and reached EUR 17.3 billion as of 31 December 2018 (breakdown per commercial activities: 27 % Retail Banking, 28 % Corporate Banking and 45 % Private Banking).

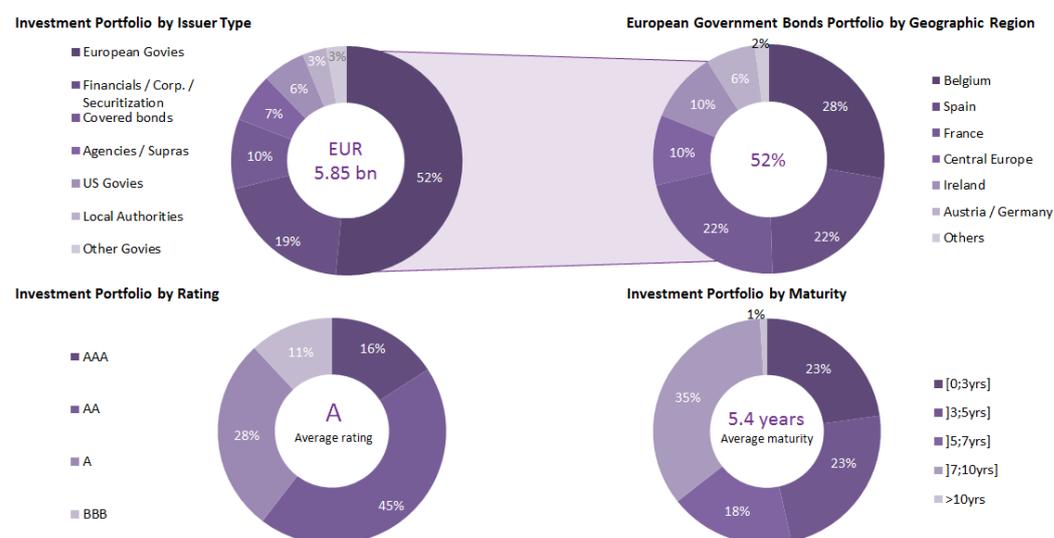
Loans increased by 44% between December 2012 and December 2018 and amounted to EUR 13.8 billion as of 31 December 2018 (breakdown per commercial activities: 41 % Retail Banking, 39 % Corporate Banking and 20 % Private Banking). BIL loan policy is based on a cautious loan to value approach. Average loan-to-value ratio for SME loans amounted to 57.3 % and 62% for mortgage loans as of 31 December 2018.

Core Operating Revenues stood at EUR 500 million² as of 31 December 2018 (breakdown per commercial activities: 27 % Retail Banking, 25 % Corporate Banking and 48 % Private Banking). As of June 30, 2019, core operating revenues stood at EUR 256 million (breakdown per commercial activities: 33 % Retail Banking, 32 % Corporate Banking and 35 % Private Banking). As of 31 December 2018, the overall core operating revenues amounted to EUR 521 million.

Investment Portfolio

The Investment Portfolio of the Issuer had a total nominal exposure of EUR 5.91 billion as of 31 December 2018. 82 % of this bond portfolio is ECB eligible.

Investment Portfolio (as of 31 December, 2018)



Capital position and requirements

Based on the Supervisory Review and Evaluation Process ("SREP") in 2018, BIL Group received a Pillar 2 SREP requirement of 1.75 per cent. and a Pillar 2 guidance, both to be fulfilled by Common Equity Tier 1 ("CET1"). Consequently as of 31 December 2018, BIL's consolidated minimum CET1 ratio (transitional) requirement amounts to 9.166 per cent. for 2018, to which the Pillar 2 guidance is added. This is the sum of 4.5 per cent. Pillar 1 requirement plus 2.5 per cent. minimum requirement for capital conservation buffer, plus 0.041 per cent. minimum requirement for countercyclical buffer, plus 0.375 per cent. minimum requirement for OSII (Other Systematically Important Institution), plus 1.75 per cent. Pillar 2 requirement buffer on a transitional basis.

² excluding Group center and Financial Markets.

As at 30 June 2019, the minimum requirement for OSII buffer has risen to 0.5 per cent. (following the end of the phased-in period on 1 January 2019) whereas the minimum requirement for countercyclical buffer has decreased to 0.038 per cent. leading to a combined minimum CET1 ratio (fully loaded) requirement of 9.288 per cent. A breach of the minimum requirements would induce constraints, for example in relation to dividend distributions and coupon payments on certain capital instruments, including the Notes.

Any shortfall in Pillar 1 and Pillar 2 requirement components which would otherwise be made up of Additional Tier 1 capital ("AT1") according to CRR or Tier 2 up to their respective limits would have to be met with CET1 for an AT1 shortfall and AT1 or CET1 for a Tier 2 shortfall in order to avoid a breach of the Maximum Distributable Amount.

Available distributable items ("ADI") of the Group as at 30 June 2019 amount to EUR 455,456,398 (*Source: internal data, unaudited*).

For the Maximum Distributable Amount calculation, the applicable Pillar 1 and Pillar 2 requirements and the combined buffer requirement (capital conservation, countercyclical and OSII buffers) are taken into account. Consequently, based on BIL Group's reported capital ratios, the MDA buffers as at 30 June 2019 are described in the table below (*Source: BIL Group unaudited interim consolidated financial statements as of 30 June 2019 and internal data, unaudited*).

As at 30 June 2019

	CET1	Tier 1	Total Capital
MDA Threshold	9.29%	10.79%	12.79%
BIL Group Ratio	11.73%	13.48%	15.09%
BIL Group RWA (€m)	8,576		
BIL Group MDA Buffer (%)	2.45%	2.45%	2.30%
BIL Group MDA Buffer (€m)	210	210	197

BIL currently intends to give due consideration to the capital hierarchy in the face of possible distribution restrictions stemming from MDA or ADI limitations. However, it may deviate in the future from that approach in its sole discretion.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Luxembourg of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

LUXEMBOURG TAX

The following information is of a general nature only and is based on (i) the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice and (ii) the assumption that the Notes qualify as debt from a Luxembourg tax perspective. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income taxes, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Noteholders

Withholding Tax

(i) Non-resident Noteholders

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Noteholders.

(ii) Resident Noteholders

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholders.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payment of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

Income Tax

(i) Non-resident Noteholders

A non-resident Noteholder, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident Noteholder on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate Noteholder or an individual Noteholder acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which or to whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

(ii) Resident Noteholders

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

Luxembourg resident corporate Noteholders

A corporate Noteholder must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A corporate Noteholder that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds and which does not fall under the special tax regime set out in article 48 thereof is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

Luxembourg resident individual Noteholder

An individual Noteholder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a 20 per cent. tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State). A gain realised by an individual Noteholder, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain

corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

An individual Noteholder acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

Net Wealth Taxation

A corporate Noteholder, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the Noteholder is governed by the law of 11 May 2007 on family estate management companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, by the law of 23 July 2016 on reserved alternative investment funds, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended. Please however note that securitisation companies governed by the law of 22 March 2004 on securitisation, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under article 48 thereof may, under certain conditions, be subject to minimum net wealth tax.

An individual Noteholder, whether he/she is a resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax or similar taxes.

However, a fixed or *ad valorem* registration duty may be due upon the registration of the Notes in Luxembourg in the case where the Notes are physically attached to a public deed or to any other document subject to mandatory registration, as well as in the case of a registration of the Notes on a voluntary basis.

Where a Noteholder is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the 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.

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

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA 2016 (the "**FATCA**"), a "**foreign financial institution**" (as defined by FACTA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (the "**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register and Notes characterised as debt (or which otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International plc, Goldman Sachs International and Banque Internationale à Luxembourg, société anonyme (all together, the "**Managers**") have, pursuant to a subscription agreement dated 12 November 2019 (the "**Subscription Agreement**"), jointly and severally agreed to subscribe for the Notes at their issue price of 100 per cent. of their principal amount less commissions. The Issuer has also agreed to reimburse the Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and/or its affiliates in the ordinary course of business. The Managers and their affiliates have received, or may in the future receive, customary fees and commissions for these transactions.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States

The Notes have not been and will not be registered under the Securities Act or the laws of any state 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. The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the Issue Date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph and not defined in this Prospectus shall have the meanings given to them by Regulation S.

Until 40 days after commencement of the offering, an offer or sale of the Notes within the United States by a 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 an available exemption from registration under the Securities Act.

Netherlands

Each Manager has represented and agreed that the Notes may not be offered to the public in the Netherlands in reliance on Article 3(2) of Directive 2003/71/EC (as amended, the "**Prospectus Directive**") unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of Notes shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

Canada

Each Manager has represented and agreed that it has not offered or sold and will not offer or sell the Notes in Canada other than to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Japan

None of the Notes have been or will be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended the "**FIEA**") and each of the Managers has represented and agreed, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed 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 Prospectus 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 Securities and Futures Act of Singapore (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 or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Hong Kong

Each Manager has represented and agreed that this Prospectus has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Notes may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to "professional investors" as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) (the "SFO") and any rules made under the SFO, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance of Hong Kong (Cap. 32) (the "CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO, and (ii) it has not issued or has in its possession for the purpose 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 the 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 the SFO.

France

Each Manager and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

Belgium

Each Manager has represented and agreed that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Germany

Each Manager has represented and agreed that it has only offered or sold and that it shall only offer or sell the Notes in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other laws applicable in the Federal Republic of Germany governing the issue, sale and offering of the Notes.

Italy

Each Manager has represented and agreed that the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "**Prospectus Regulation**") and any application provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Financial Services Act**") and Italian CONSOB regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Banking Act**"); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of **MiFID II**; or

- (ii) a customer within the meaning of the Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

General

Each Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 26 April 2019.

Listing and Admission to Trading

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange with effect from 14 November 2019. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU). The Issuer estimates that the total expenses related to admission of the Notes to trading will be approximately €10,600.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Legal and Arbitration Proceedings

Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer.

Significant/Material Change

There has been no significant change in the financial performance or position of the BIL Group since 30 June 2019 and there has been no material adverse change in the prospects of the Issuer or the BIL Group since 31 December 2018.

Auditors

Ernst & Young (a member of the *Institut des Réviseurs d'Entreprises* (the Luxembourg institute of chartered accountants)) has audited, and rendered the unqualified audit report on, the consolidated and non-consolidated accounts of BIL for the years ended 31 December 2017 and 31 December 2018.

Documents on Display

Copies of the following documents will be available from www.bil.com for 12 months from the date of this Prospectus:

- (a) the articles of association of the Issuer;
- (b) the Agency Agreement;

- (c) the audited financial statements of the Issuer in respect of the financial years ended 2017 and 2018, in each case together with the audit reports prepared in connection therewith; and
- (d) the most recently published unaudited interim financial statements in respect of the half year ended 30 June 2019 of the Issuer.

Material Contracts

No contract (other than contracts entered into in the ordinary course of business) has been entered into by the Issuer or any of its subsidiaries which is, or may be, material or contains, or may contain, provisions which could result in the Issuer or any of its subsidiaries being under an obligation or entitlement which is or may be material to the Issuer's ability to meet its obligations to holders of the Notes.

Yield

The yield in respect of the Notes is 5.319 per cent. per annum and is calculated at the Issue Date on the basis of the issue price of 100 per cent. of the principal amount of the Notes.

ISIN and Common Code

The ISIN for the Notes is XS2079116310 and the common code is 207911631.

Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) code for the Issuer is 9CZ7TVMR36CYD5TZBS50.

Conflicts

Certain of the Managers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business. Certain of the Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Managers 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. Some of the Managers 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 Managers 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. Any such short positions could adversely affect future trading prices of Notes. The Managers 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.

THE ISSUER

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