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IMPORTANT NOTICES

IMPORTANT: Recipients must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum, dated as of 18 August 2025 (the "**Information Memorandum**") of the European Stability Mechanism (the "**ESM**"), an international financial institution established by the Treaty Establishing the European Stability Mechanism between the Kingdom of Belgium, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic and the Republic of Finland signed in Brussels on 2 February 2012, as amended (the "**ESM Treaty**"), whose seat and principal office is at 6a Circuit de la Foire Internationale, L-1347 Grand Duchy of Luxembourg (the "**Issuer**"). You are therefore advised to read this carefully before reading, accessing or making any other use of the attached Information Memorandum. In accessing the attached Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access:

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The Dealers are acting exclusively for the Issuer and no other person in connection with the Programme and the Notes. They will not regard any other person (whether or not a recipient of this Information Memorandum) as their clients in relation to the Programme or the Notes and will not be responsible to any person other than the Issuer for providing the protections afforded to their clients or for giving advice in relation to the Programme, the Notes or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Electronic access of this Information Memorandum is at the recipient's own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

INFORMATION MEMORANDUM dated 18 August 2025

The European Stability Mechanism

Debt Issuance Programme

This document (the "**Information Memorandum**") describes the debt issuance programme established on 3 December 2012 (the "**Programme**") by the European Stability Mechanism (the "**ESM**"), an international financial institution established by the Treaty Establishing the European Stability Mechanism between the Kingdom of Belgium, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic and the Republic of Finland signed in Brussels on 2 February 2012, as amended (the "**ESM Treaty**"), whose seat and principal office is at 6a Circuit de la Foire Internationale, L-1347 Luxembourg (the "**Issuer**"). Under the Programme, the Issuer may from time to time issue notes (the "**Notes**") on the terms and conditions set out in this Information Memorandum as modified or supplemented by the final terms (the "**Final Terms**") published at the time of issue.

Application may be made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on an unlisted basis or to be admitted to listing, trading and/or quotation by such other further listing authorities, stock exchanges, regulated markets and/or trading facilities or quotation systems as may be agreed between the Issuer and the relevant Dealers, in each case as specified in the relevant Final Terms. Notes will be issued in bearer form or registered form (unless otherwise specified in the relevant Final Terms).

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IMPORTANT NOTICES

This Information Memorandum, together with any Final Terms, contains all the information that the Issuer has authorised to be published concerning the Programme. This Information Memorandum was last revised on the date appearing on the cover and speaks as of that date only. Any information concerning the Programme not contained herein must not be relied upon as having been authorised by the Issuer.

Neither this Information Memorandum nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer that any recipient of this Information Memorandum or any Final Terms should subscribe for or purchase any Notes.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) and Notes that are in bearer form for U.S. federal income tax purposes are not being offered to U.S. Holders. The Notes may be offered and sold (i) within the United States to qualified institutional buyers, as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance on the exemption from registration provided by Rule 144A and (ii) in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Neither the Programme nor the Notes have been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of any offering of notes or the accuracy or adequacy of this Information Memorandum. Any representation to the contrary is a criminal offence in the United States.

In this Information Memorandum, unless otherwise specified, references to an "**ESM Member**" are references to a contracting party to the ESM Treaty, references to "**€**", "**EUR**" or "**euro**" are to the 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, and references to "**U.S.$**" "**USD**", "**U.S. dollars**" are to United States dollars.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the relevant Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation action may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) in accordance with all applicable laws and rules.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes issued other than by the auction process will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration such determination; however, a distributor subject to Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

The Issuer is exempt from MiFID II and does not constitute a manufacturer or a distributor under the product governance rules set out in EU Delegated Directive 2017/593, as amended. The Issuer is therefore not subject to the responsibilities conferred on manufacturers or distributors therein.

BENCHMARKS REGULATION

Amounts payable under the Notes may be calculated by reference to one or more "benchmarks" for the purposes of Regulation (EU) 2016/1011, as amended (the "**Benchmarks Regulation**"). In such case, the relevant Final Terms shall include a statement as to whether or not the relevant administrator of the "benchmark" appears on the register of administrators established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmarks Regulation. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator. For the avoidance of doubt, the Issuer is not subject to the Benchmarks Regulation.

ROUNDING

Certain figures (including data expressed in thousands, millions or billions) and percentages contained in this Information Memorandum, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of numbers may not conform exactly to the total figure given or implied as the result of that sum, or the sum of certain numbers presented as a percentage may not conform to the total percentage given.

WEBSITES AND HYPERLINKS

References to any website or the content of any hyperlink contained in this Information Memorandum do not form a part of this Information Memorandum, except as specifically incorporated herein.

SUPPLEMENTS TO THE INFORMATION MEMORANDUM

Every significant new factor, material mistake or inaccuracy relating to the information included in this Information Memorandum which may affect the assessment of the Notes and which arises or is noted between the time when this Information Memorandum is approved and the time when trading on the regulated market in question begins, shall be mentioned in a supplement to this Information Memorandum. Such supplement shall be published according to the same arrangements pursuant to which this Information Memorandum was published.

SUMMARY

This summary must be read as an introduction to this Information Memorandum and is qualified in its entirety by the remainder of this Information Memorandum.

*Words and expressions defined in the "Terms and Conditions of the Notes" (the "**Conditions**") or elsewhere in this Information Memorandum have the same meanings in this summary.*

Issuer:	European Stability Mechanism.
Issuing and Paying Agent:	(i) In relation to any Series of Notes to be issued into Clearstream Frankfurt, Deutsche Bundesbank, (ii) in relation to any Series of Notes to be issued into Euroclear, Clearstream Luxembourg and/or DTC, the Bank of New York Mellon, London Branch, or (iii) any other issuing and paying agent as indicated in the relevant Final Terms.
Registrar:	In relation to any Series of Registered Notes, the Bank of New York Mellon SA/NV, Luxembourg Branch or any other registrar as indicated in the relevant Final Terms.
Luxembourg Listing Agent:	Deutsche Bank Luxembourg S.A., or in respect of a particular Series, the Luxembourg listing agent as indicated in the relevant Final Terms.
Calculation Agent:	In respect of (i) a Unilateral Issuance (as defined in the Conditions), the Issuer or (ii) in respect of any other issuance of Notes, the calculation agent as indicated in the relevant Final Terms.
Method of Distribution:	Notes may be sold (i) by means of auction, (ii) to or through one or more Dealers, including by syndicated issuance or (iii) by private placement. Notes may be issued unilaterally. Unilateral Issuance (as defined in the Conditions) consists of the creation of Notes by the Issuer without subscription by another party at the time of issuance nor payment of a subscription price.
Final Terms:	Notes issued under the Programme will be issued pursuant to this Information Memorandum and associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the terms and conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.
Listing and Trading:	Applications have been made for Notes issued under the Programme to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Regulated Market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or trading facility or quotation systems as may be agreed with the Issuer and the relevant Dealers, as specified in the relevant Final Terms.
Clearing Systems:	In relation to any Series of Notes, Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), Clearstream Banking AG Frankfurt ("**Clearstream, Frankfurt**"), The Depository Trust Company ("**DTC**") and/or any

	other clearing system as may be specified in the relevant Final Terms (each, a "**Clearing System**").
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue price, the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denomination amounts.
Forms of Notes:	Notes will be issued in bearer form or in registered form (unless otherwise specified in the relevant Final Terms).
Currencies:	Notes may be denominated in euro or in any other currency or currencies, provided that, for any Series of Notes which is denominated in a currency other than euro, such issuance is approved by the board of directors of the Issuer (the "**Board of Directors**"), which approval has been obtained as of the date of this Information Memorandum.
Status of the Notes:	Notes will be issued on an unsecured, unsubordinated basis and will constitute direct and unconditional obligations of the Issuer and will at all times rank *pari passu* among themselves.
Issue Price:	Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms.
Maturities:	The maximum authorised maturity for Notes will be set at the lowest of (i) forty-five years and (ii) the maximum maturity of any financial assistance by the Issuer, from the date of issue of the relevant Notes.
Redemption:	Notes may be redeemable in a single payment at maturity or by instalments, in each case, at par or at such other amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms.
Optional Redemption:	Notes may be redeemed by the Issuer before their stated maturity to the extent (if at all) specified in the relevant Final Terms.
Tax Redemption:	Not applicable.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked.
Denominations:	Notes cleared through Clearstream, Frankfurt will be issued in denominations of one euro cent (€0.01) or such denominations as may be specified in the relevant Final Terms. Notes cleared through Euroclear and Clearstream, Luxembourg and sold pursuant to Regulation S only will be issued in minimum denominations of €1,000. In the case of any Notes any tranche of which is to be sold in the United States to qualified institutional buyers as defined in Rule 144A, the minimum specified denomination shall be U.S.$200,000 and integral multiples of U.S.$2,000 in excess thereof (or the equivalent amount in any other currency).
Negative Pledge:	None.
Events of Default:	None.

Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes, unless the withholding is required by any applicable law, in which case the Issuer will be under no obligation to gross-up any payment under the Notes.
Governing Law:	The Notes and all non-contractual obligations arising out of or in connection with the Notes shall, as specified in the relevant Final Terms, be governed by Luxembourg law, English law or such other law designated in the relevant Final Terms.
Selling Restrictions:	Restrictions may apply to the offer, sale or delivery of Notes and on the distribution of offering material in various jurisdictions. See "*Subscription and Sale*" below.

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RISK FACTORS

The purchase of Notes may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial matters necessary to enable them to evaluate the risks and merits of an investment in the Notes and have sufficient financial resources to bear the risks of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Information Memorandum. If any, or a combination of, these risks occur, the Issuer's activities, reputation, financial condition and/or results of operations could be adversely affected. If this occurs, the market value of the Notes may decline and investors could lose all or part of their investment.

The risks and uncertainties described below are not the only risks and uncertainties related to the Issuer and the Notes. Additional risks and uncertainties not presently known, or currently believed to be immaterial, could also cause the Issuer to be unable to pay interest, principal or other amounts on or in connection with any Note. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision. Further, any prospective investor should take its own legal, financial, accounting, regulatory, tax and other relevant advice as to the structure and viability of its investment.

Risk Factors relating to the Issuer

Investors in Notes are exposed to the creditworthiness of the ESM

The ESM is an international financial institution created by the ESM Members and its purpose is to mobilise funding and provide stability support for the benefit of ESM Members experiencing, or threatened by, severe financing problems, if indispensable to safeguard the financial stability of the euro area as a whole and of the ESM Members. The ESM is exposed to the risk of non-payment by ESM Members that have received financial assistance.

As of 30 June 2025, the ESM's total subscribed capital amounted to €708.49 billion subscribed by all ESM Members, of which €80.97 billion in paid-in capital and €627.52 billion in subscribed capital unpaid (also referred to as callable capital) that the ESM Members have undertaken to pay in the circumstances set out in the ESM Treaty. Investors in the Notes are exposed to the creditworthiness of the ESM and have no recourse to any ESM Members.

Differences in accounting methodology may be material to an understanding of the financial information contained in this Information Memorandum

The Issuer prepares financial statements in accordance with the general principles of the Directive 86/635/EEC of the Council of the European Communities of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions, as amended by Directive 2001/65/EC of 27 September 2001, by Directive 2003/51/EC of 18 June 2003 and by Directive 2006/46/EC of 14 June 2006, as amended (the "**Directives**"). The preparation of financial statements in conformity with the Directives requires the use of certain critical accounting estimates. Certain differences exist between the Directives and both the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and accounting principles generally accepted in the United States ("**U.S. GAAP**"), and these differences may be material to an understanding of the financial information contained in this Information Memorandum. This Information Memorandum does not discuss any significant differences between the Directives and both IFRS and U.S. GAAP, notably in relation to presentation, valuation and disclosure, as they apply to the Issuer. The Issuer's financial statements in this Information Memorandum have not been reconciled to IFRS or U.S. GAAP, and the Issuer does not intend to reconcile future financial statements to IFRS or U.S. GAAP. Prospective investors should consult their own financial or accounting advisers for an understanding of the differences between the Directives, IFRS and U.S. GAAP and how these differences might affect the financial information contained herein. The Issuer's audited financial statements as of and for the years ended 31 December 2022, 2023 and 2024, including its accounting policies, are incorporated by reference in this Information Memorandum and are also published on its website.

The importance of creditworthiness and liquidity in ESM investment and treasury operations may lead to a negative return on the investment of ESM's paid-in capital, reserves, and/or liquidity buffer

The paid-in capital, reserve fund and liquidity portfolios designated to meet disbursements by the ESM pursuant to lending programmes or other financial obligations of the ESM (the "**liquidity buffer**") are invested in accordance with guidelines approved by the ESM Member States through the Board of Directors. Those guidelines prioritise the creditworthiness and liquidity of the paid-in capital over the return on investments. Fluctuations in interest rate levels may have significant impacts on the marked-to-market valuation of the ESM's investment portfolio. In a low or negative yield environment, such as in 2020 and 2021, the ESM had to accept negative yields on the investment of a large part of its paid-in capital, its reserve fund and its liquidity buffer. In 2022, as the global economy rebounded from the 2020 pandemic crisis and witnessed Russia's invasion of Ukraine, inflation soared well above the central banks' expectations, which forced them to start aggressively adjusting monetary policy. This led to a highly volatile market environment and a steep increase in European bond yields across maturities. As a result, the ESM's marked-to-market portfolios recorded a return of -4.52% in 2022. The ESM's marketable investments realized losses on sales of securities, as part of the regular adjustment of the portfolio exposure, at lower prices compared to their carrying value; and recorded unrealised losses on debt securities due to sharply lower asset valuations. The consequence of this was a reduction in the shareholder equity in 2022. In 2023, higher yields associated with the short-term securities purchased by the ESM, as well as the appreciation of longer-term exposure, which benefitted from the fall in yields observed by year-end, led to ESM's marked-to-market portfolios, largely invested in short-term securities, recording a return of 3.68%. In 2024, developed markets witnessed a shift in central bank monetary policy, as inflation pressures eased. In the euro area, the European Central Bank (the "**ECB**") reduced the main policy rate by 100 basis points to 3%, lowering short-term yields and steepening the yield curve. In this context, the ESM's marked-to-market portfolios, largely invested in short-term securities, recorded a return of 3.36%.

Risk Factors relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor should determine the suitability of investing in the Notes in light of its own circumstances. In particular each potential investor should:

(i) have sufficient knowledge and experience to meaningfully evaluate the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Information Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any financial markets and of any financial variable which might have a negative impact on the return on the Notes; and

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

Some Notes are complex financial instruments. A potential investor should not invest in Notes that are complex financial instruments unless they have the expertise (either alone or with the assistance of a financial, legal, tax and/or accounting adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the market value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. Prospective purchasers should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposal of Notes.

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

The market for debt securities is influenced by various factors, such as financial market conditions, including, but not limited to, interest rates and currency exchange rates, macroeconomic conditions, geopolitical events and central banks' monetary policies in European and other industrialised countries.

For example, changes in central banks' balance sheet management programs as part of quantitative monetary policy, including the ECB's policy of secondary market purchases and reinvestments of securities issued by eligible international organisations such as the ESM, could affect the market value or liquidity of the Notes.

The Notes contain no events of default

The Notes do not include any events of default that would entitle a Holder to give notice that such Note is immediately due and repayable.

An active trading market for the Notes may not develop and there may be limited liquidity for the Notes

The Programme allows for Notes to be admitted to the Regulated Market of the Luxembourg Stock Exchange, or to be admitted to listing, trading and/or quotation by such other further listing authorities, stock exchanges, regulated markets and/or quotation systems as may be agreed with the Issuer. The Notes may also be unlisted. In all cases, but particularly in the case of unlisted Notes, the Notes may have no established trading market when issued and there can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained or that it will provide the holder of Notes with sufficient liquidity. In addition, the ability of the Dealers to make a market in the Notes (if applicable) may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Notes. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

The Issuer is entitled to buy the Notes in the secondary market, as described in Condition 8, and the Issuer may issue further Notes of a Series, as described in Condition 16. Such transactions may favourably or adversely affect the market value and liquidity of the Notes. Additional and competing products introduced in the markets might adversely affect the value and liquidity of the Notes. Accordingly, the purchase of the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes.

Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield received by Holders to be considerably less than anticipated

The Final Terms for a particular Series of Notes may provide for early redemption at the option of the Issuer. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Holder. As a consequence, part of the capital invested by the Holder may be lost, so that the Holder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes. A partial redemption of the Notes of a particular Series may also adversely affect liquidity for the remaining outstanding Notes of such Series.

The Notes may be subject to exchange rate risks

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (for example, due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Issuer does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and could continue to be volatile in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent

value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

The Notes are subject to interest rate risks

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

The Issuer shall not pay any additional amounts in case of withholding

In the event of any withholding or deduction for reason of taxes required by applicable law on any payments made by the Issuer under the Notes, the Notes do not include any provision requiring the Issuer to pay any additional amounts in respect of any such withholding or deduction nor any provision entitling or obliging the Issuer to redeem any such Notes.

The ESM is established as an international financial institution with certain immunities under the ESM Treaty and, except to the extent it has waived such immunities, it may be difficult to obtain or enforce judgments against it regardless of any waiver of immunity

The ESM is established as an international financial institution under the ESM Treaty. The ESM Treaty grants the ESM wide-ranging immunities.

Condition 19(b) of the Notes requires that any dispute arising out of or in connection with the terms of the Notes must be submitted to the exclusive jurisdiction of the courts of Luxembourg City (Grand Duchy of Luxembourg). The ESM has agreed in relation to the Notes (to the extent permitted by law and the ESM Treaty) solely in respect of the proceedings described in Condition 19(b) to waive irrevocably its immunity from suit. This waiver does not extend to (i) any dispute or controversy relating to non-contractual obligations, (ii) any measure of execution, or (iii) any other proceedings (including actions under the securities laws of Luxembourg, the United States or any other jurisdictions) and does not imply a waiver of any other privileges and immunities from which the Issuer may benefit under the ESM Treaty or the laws of the relevant jurisdiction. Therefore, making a claim against the ESM arising out of or in connection with the terms of the Notes in jurisdictions outside Luxembourg, and enforcing any judgement which is obtained, whether in Luxembourg or elsewhere, may be difficult or impossible.

The Conditions contain provisions under which the terms of any one Series of Notes and/or multiple Series of Notes (to the extent they are Debt Securities) may be amended, modified or waived without the consent of the holders of all Notes

The Conditions contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses. Such clauses permit defined majorities to bind all holders of the Notes, including holders who did not vote and holders who voted in a manner contrary to the majority. As well as containing provisions permitting amendments, modifications and waivers being made to any single Series of Notes, the relevant provisions also permit multiple Series of Notes to be aggregated (to the extent they are Debt Securities and provided that each such Series also contains the same collective action clauses in the terms and conditions of the relevant Notes), for the purposes of voting a Cross-Series Modification.

For issuances of Debt Securities prior to 1 January 2022 (and any Debt Securities to be fungible with Series of Notes (to the extent they are Debt Securities) issued prior to 1 January 2022), the collective action clause set out in the terms and conditions relating to such Notes (to the extent they are Debt Securities) shall apply. Such terms and conditions permit Cross-Series Modifications of Debt Securities relying on a double-limb voting structure. Specifically, the terms and conditions of the Notes (to the extent they are Debt Securities) and the terms and conditions of any other Debt Securities Series (and any agreement governing the issuance or administration of such Notes or such other Debt Securities Series) may be modified in relation to a Reserved Matter (including in respect of payments and other key terms) with the consent of the Issuer and: (a) (i) the affirmative vote of not less than 75% of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called Meetings of the holders of the Debt Securities of all the Debt Securities Series (taken in the aggregate) that would be affected by the proposed Cross-Series Modification; or (ii) a written resolution signed by or on behalf of the holders of not less than 66 2/3% of the aggregate principal amount of the outstanding Debt Securities of all the Debt Securities Series (taken in the aggregate) that would be affected by the proposed Cross-Series Modification; and (b) (i) the affirmative vote of more than 66 2/3% of the aggregate principal amount of the outstanding Debt Securities represented at separate

duly called Meetings of the holders of each Debt Securities Series (taken individually) that would be affected by the proposed Cross-Series Modification; or (ii) a written resolution signed by or on behalf of the holders of more than 50% of the aggregate principal amount of the then outstanding Debt Securities of each Debt Securities Series (taken individually) that would be affected by the proposed Cross-Series Modification.

For issuances of Debt Securities on or after 1 January 2022 (other than Debt Securities to be fungible with Series of Notes issued prior to 1 January 2022), the collective action clauses set out in Condition 15(c) will apply. Condition 15(c) permits Cross-Series Modifications of Debt Securities relying on a single-limb voting structure. Specifically, the terms and conditions of the Notes (to the extent they are Debt Securities) and the terms and conditions of any other Debt Securities Series (and any agreement governing the issuance or administration of such Notes or such other Debt Securities Series) may be modified: (a) in relation to a Reserved Matter with the consent of the Issuer and the affirmative vote of, or a written resolution signed by or on behalf of, the holders of not less than 66 2/3% of the aggregate principal amount of the outstanding Debt Securities of all the Relevant Debt Securities Series (taken in the aggregate), so long as the other conditions of Condition 15(c) are met, including that such Cross-Series Modification in relation to a Reserved Matter is Uniformly Applicable; and (b) in relation to a Non-Reserved Matter with the consent of the Issuer and the affirmative vote of, or a written resolution signed by or on behalf of, the holders of more than 50% of the aggregate principal amount of the outstanding Debt Securities of all the Relevant Debt Securities Series (taken in the aggregate).

There is a risk therefore that the terms and conditions of the Notes may be amended, modified or waived in circumstances whereby certain holders of the Notes did not vote in favour of such amendment, modification or waiver. In addition, in relation to Notes to which the collective action clause set out in Condition 15(c) will apply, there is also a risk that the terms and conditions of such Notes (to the extent they are Debt Securities) may be amended, modified or waived in circumstances whereby the holders voting in favour of an amendment, modification or waiver may be holders of a different Debt Securities Series and as such, even without a minimum percentage of the holders of such Notes having voted in favour of such amendment, modification or waiver.

The credit ratings assigned to the Notes and/or to the Issuer may not reflect all factors that could affect the value of the Notes

The ESM has solicited ratings from Moody's Deutschland GmbH ("**Moody's**"), Fitch Ratings Ireland Limited ("**Fitch**"), by S&P Global Ratings Europe Limited ("**S&P**") and by Scope Ratings GmbH ("**Scope**"). One or more independent credit rating agencies may assign credit ratings to the Notes and/or to the Issuer. The Notes and/or Issuer have received, and may continue to receive, unsolicited ratings. The ratings, whether solicited or unsolicited, may not reflect the potential impact of all risks related to the structure, market and additional factors discussed in this Information Memorandum, or other factors that may affect the value of the Notes, and the ratings are subject to change. A credit rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of repayment and may be revised, suspended or withdrawn by the rating agency at any time.

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

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline.

The regulation of "benchmarks" may lead to future reforms or discontinuation

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be benchmarks have been subject to significant regulatory scrutiny and legislative intervention in recent years. This relates not only to creation and administration of benchmarks, but, also, to the use of a benchmark rate.

In the EU, for example, Regulation (EU) No. 2016/1011, as amended (the "**Benchmarks Regulation**") applies to the provision of, contribution of input data to, and the use of, a benchmark within the EU, subject

to certain transitional provisions. Legislation such as the Benchmarks Regulation could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, for example, if the methodology or other terms of the benchmark are changed in the future in order to comply with the terms of the Benchmarks Regulation or other similar legislation, or if a critical benchmark is discontinued or is determined by a regulator to be "no longer representative". Such factors could (amongst other things) have the effect of reducing or increasing the rate or level, or may affect the volatility of the published rate or level, of the benchmark. They may also have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

Although EURIBOR has been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with the Euro short-term rate ("**€STR**") or an alternative benchmark.

The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the terms and conditions of the Notes (as further described in Condition 6(i) (*Benchmark Discontinuation*) or Condition 6A (*Floating Rate Notes referencing SOFR*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The terms and conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable or a Benchmark Event or a Benchmark Transition Event (each as defined under "*Terms and Conditions of the Notes*"), as applicable, otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant nominating body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. In certain circumstances, as more fully described in the terms and condition of the Notes, the Issuer may be required to appoint an Independent Adviser (as defined under "Terms and Conditions of the Notes") to determine a successor rate or alternative reference rate.

This may result in the effective application of a fixed rate for Notes linked to or referencing a benchmark based on the rate which was last observed on the Relevant Screen Page (as defined under "*Terms and Conditions of the Notes*"). In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined under "*Terms and Conditions of the Notes*"), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

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

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes

The use of risk-free rates – including those such as the Secured Overnight Financing Rate ("**SOFR**") and €STR – as reference rates for bonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of notes referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt and use risk-free reference rates that differ significantly from those set out in the terms and conditions of the Notes and used in relation to Notes that reference risk-free rates issued under this Programme. The Issuer may in the future also issue Notes referencing SOFR or €STR that differ materially in terms of interest determination mechanisms as compared with any Notes issued previously by it under this Programme. The development of risk-free rates by the bond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the bond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of Notes linked to such risk-free rates may be lower than that of Notes referencing indices that are more widely used.

Investors should consider these matters when making an investment decision with respect to any Notes which reference a risk-free rate.

Risk-free rates may differ from EURIBOR and other inter-bank offered rates in a number of material respects and have a limited history

Risk-free rates may differ from EURIBOR and other inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates reliably to estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to inter-bank offered rates, if the Notes referencing backwards-looking SOFR or €STR are redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

The administrator of SOFR or €STR or any related indices may make changes that could change the value of or discontinue SOFR or €STR or any related indices

The Federal Reserve Bank of New York or the European Central Bank (or their respective successors), as administrators of SOFR (and SOFR Compounded Index) or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SOFR or €STR, or timing related to the publication of SOFR or €STR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR or €STR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Holders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

Zero Coupon Notes are subject to higher price fluctuations than interest-bearing notes

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of interest-bearing Notes because their price is defined as the discounted value of their redemption amount at maturity, based on prevailing market interest rates. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than interest-bearing Notes having the same maturity and credit rating. Due to this leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

The Notes may be affected by changes in law

The Notes will be governed by English, Luxembourg or other laws. No assurance can be given as to the impact of any possible judicial decisions or change to English or Luxembourg (or any other relevant) law after the date of this Information Memorandum, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes or be unfavourable to creditors' rights, or have an adverse effect on the market value of the Notes.

A Holder's effective yield on the Notes may be diminished due to the tax impact on that Holder of its investment in the Notes

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

A Holder's actual yield on the Notes may be reduced from the stated yield due to transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce the return on the Notes for an investor. For instance, financial institutions generally charge their clients either a fixed minimum or a pro-rata commission, depending on the order value. Holders should take into account that, to the extent that additional parties are involved in executing an order, including, but not limited to, dealers or brokers, they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

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

DOCUMENTS INCORPORATED BY REFERENCE

The information contained in the following documents shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum and purchasers of the Notes shall be deemed to have notice thereof as if all such information was set out in full in this Information Memorandum:

(1) the audited financial statements of the Issuer as of and for the year ended on 31 December 2024 as set out on pages 72 to 120 in the Issuer's 2024 Annual Report;

(2) the audited financial statements of the Issuer as of and for the year ended on 31 December 2023 as set out on pages 68 to 118 in the Issuer's 2023 Annual Report;

(3) the audited financial statements of the Issuer as of and for the year ended on 31 December 2022 as set out on pages 62 to 114 in the Issuer's 2022 Annual Report; and

(4) all amendments and supplements to this Information Memorandum prepared from time to time by the Issuer,

save that any statement contained herein or in any document which is incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Information Memorandum to the extent that a statement contained in any subsequent document modifies or supersedes such earlier statement. References to this "Information Memorandum" shall be taken to mean this document and all the documents from time to time incorporated by reference herein and forming part thereof.

This Information Memorandum and any documents incorporated by reference into this Information Memorandum will be made available for viewing in electronic form on the website of the Luxembourg Stock Exchange at the following address (www.luxse.com) and on the website of the Issuer (https://www.esm.europa.eu/investors/esm-and-efsf/legal-documents and https://www.esm.europa.eu/publications respectively).

The information on the website of the Issuer does not form part of this Information Memorandum (except to the extent that that information is expressly incorporated by reference by this Information Memorandum).

SELECTED FINANCIAL INFORMATION OF THE ISSUER

The selected financial information below should be read in conjunction with the audited financial statements of the ESM and notes thereto incorporated by reference in this Information Memorandum.

The ESM's audited financial statements have been prepared in accordance with the general principles of the Directive 86/635/EEC of the Council of the European Communities of 8 December 1986 on the annual accounts and consolidated accounts of banks and financial institutions, as subsequently amended.

Profit and Loss Account

For the financial year ended 31 December

(in euro thousands)

	2024	2023	2022
Interest receivable and similar income			
On cash and cash equivalents[1]	346,695	736,669[2]	150,369
On loans and advances to credit institutions	405,223	162,295[3]	36,070
On loans and advances to euro area member states	1,087,552	1,093,698	1,017,765
On debt securities including fixed-income securities[4]	1,936,645	1,397,050	214,662
On debts issued[5]	33,883	38,546	146,219
Other	2,680,497	2,467,742	2,035,410
	6,490,495	**5,896,000**	**3,600,495**
Interest payable and similar charges			
On cash and cash equivalents[1]	-	-	(184,847)
On loans to credit institutions	(158,255)	(160,735)	(46,880)
On debts issued[5]	(1,317,717)	(1,137,365)	(723,945)
On debt securities including fixed-income securities[4]	(4,573)	(8,985)	(18,627)
Other	(2,714,785)	(3,019,715)	(1,341,923)
	(4,195,330)	**(4,326,800)**	**(2,316,222)**
Commissions payable	**(22)**	**(19)**	**(79)**
Loss on financial operations	**(440,753)**	**(1,187,073)**	**(1,306,072)**
Other operating income	**35,366**	**35,048**	**35,298**
General administrative expenses			
Staff costs	(47,456)	(45,166)	(42,513)
Wages and salaries	(33,804)	(32,691)	(31,165)
Social security	(13,652)	(12,475)	(11,348)
Of which relating to pension	*(12,021)*	*(10,796)*	*(9,756)*
Other administrative expenses	(51,373)	(49,820)	(44,797)
	(98,829)	**(94,986)**	**(87,310)**
Value adjustments in respect of intangible and tangible assets	**(1,845)**	**(1,645)**	**(1,540)**
Profit/(Loss) before extraordinary items	**1,789,082**	**320,525**	**(75,430)**
Extraordinary income	**-**	**-**	**15,227**
Profit/(Loss) for the financial year	**1,789,082**	**320,525**	**(60,203)**

1 In view of the low or negative interest rate environment until July 2022, the ESM discloses interest payable from cash and cash equivalents held as assets (see the line item "Interest payable and similar charges - on cash and cash equivalents") separately from interest receivable on cash and cash equivalents held as assets (see the line item "Interest receivable and similar income - on cash and cash equivalents").

2 The balance on cash and cash equivalents of €736,669 thousand at the end of 2023 in the 2023 comparative information in the 2024 financial statements was restated from €736,799 thousand as a result of the reclassification of the current account balances with other banks amount of €2.6 million at the end of 2023 to loans and advances to credit institutions.

3 The balance on loans and advances to credit institutions of €162,295 thousand at the end of 2023 in the 2023 comparative information in the 2024 financial statements was restated from €162,165 thousand as a result of the reclassification of the current account balances with other banks amount of €2.6 million at the end of 2023 to loans and advances to credit institutions.

4 In view of the low or negative interest rate environment until July 2022, the ESM discloses interest payable from securities held as assets (see the line item "Interest payable and similar charges - on debt securities including fixed-income securities") separately from interest receivable on such assets (see the line item "Interest receivable and similar income - on debt securities including fixed-income securities").

5 In view of the low or negative interest rate environment until July 2022, the ESM discloses interest receivable on securities issued by the ESM (i.e. liabilities) (see the line item "Interest receivable and similar income - on debts issued") separately from interest payable from such liabilities (see the line item "Interest payable and similar charges - on debts issued").

Balance Sheet

As of 31 December

(in euro thousands)

	2024	2023	2022
Assets			
Cash in hand, balances with central banks and post office banks	**14,118,320**	**17,105,705**[1]	**55,568,448**
Loans and advances to credit institutions			
Other loans and advances	7,265,980	4,092,621[2]	1,959,738
	7,265,980	**4,092,621**[2]	**1,959,738**
Loans and advances to euro area member states	**77,945,865**	**82,552,925**	**86,210,446**
Debt securities including fixed-income securities			
Issued by public bodies	68,231,704	64,725,038	31,940,723
Issued by other borrowers	9,019,698	10,096,898	11,085,760
	77,251,402	**74,821,936**	**43,026,483**
Intangible assets	**20**	**76**	**149**
Tangible assets	**2,631**	**2,475**	**3,437**
Subscribed capital unpaid	**627,523,010**	**627,523,010**	**624,250,300**
Subscribed capital called but not paid	**253,374**	**337,832**	**-**
Prepayments and accrued income	**2,152,251**	**1,927,291**	**1,723,277**
Total assets	**806,512,853**	**808,363,871**	**812,742,278**
Liabilities			
Amounts owed to credit institutions	**3,585,389**	**3,837,824**	**4,969,643**
Debt evidenced by certificates			
Debt securities in issue	87,555,253	91,843,690	101,652,047
	87,555,253	**91,843,690**	**101,652,047**
Other liabilities	**12,822**	**11,280**	**14,515**
Accruals and deferred income	**1,678,221**	**1,447,995**	**1,220,849**
Total liabilities	**92,831,685**	**97,140,789**	**107,857,054**
Shareholders' equity			
Subscribed capital	**708,493,700**	**708,493,700**	**704,798,700**
Fair value reserve	**(204,346)**	**(873,350)**	**(3,195,683)**
Reserve fund	**3,494,286**	**3,176,207**	**3,236,410**
Other reserves	**108,446**	**106,000**	**106,000**
Profit/(Loss) for the financial year	**1,789,082**	**320,525**	**(60,203)**
Total shareholders' equity	**713,681,168**	**711,223,082**	**704,885,224**
Total equity and liabilities	**806,512,853**	**808,363,871**	**812,742,278**

1 The balance on cash in hand, balances with central banks and post office banks of €17,105,705 thousand at the end of 2023 in the 2023 comparative information in the 2024 financial statements was restated from €17,108,287 thousand as a result of the reclassification of the current account balances with other banks amount of €2.6 million at the end of 2023 to loans and advances to credit institutions.

2 The balance on other loans of €4,092,621 thousand at the end of 2023 in the 2023 comparative information in the 2024 financial statements was restated from €4,090,039 thousand as a result of the reclassification of the current account balances with other banks amount of €2.6 million at the end of 2023 to loans and advances to credit institutions.

Statement of Cash Flows

For the financial year ended 31 December

(in euro thousands)

	2024	2023	2022
Cash flows from operating activities			
Profit/(Loss) for the financial year	1,789,082	320,525	(60,203)
Adjustment for Value adjustments in respect of tangible and intangible assets	1,845	1,645	1,540
Changes in tangible and intangible assets	(1,945)	(610)	(734)
Changes in other liabilities	1,542	(3,235)	4,980
Changes in accrued interest and interest received	(1,905,051)	(1,420,995)	(1,279,791)
Changes in prepayments	(49,234)	(47,627)	(648,407)
Changes in accruals and deferred income and interest paid	1,133,727	934,022	883,838
Interest received	1,729,325	1,264,608	1,182,313
Interest paid	(903,501)	(706,876)	(683,096)
Net cash flow provided by/(used in) operating activities	**1,795,790**	**341,457**	**(599,560)**
Cash flows from investing activities			
Change in debt securities including fixed-income securities	(1,760,462)	(29,473,120)	(1,738,667)
Change in loans and advances to credit institutions	(3,173,359)	(2,132,883)[1]	5,138,658
Loan repayments received during the year	4,607,060	3,657,521	3,657,085
Changes in amounts owed to credit institutions	(252,435)	(1,131,819)	3,963,611
Net cash flow (used in)/provided by investing activities	**(579,196)**	**(29,080,301)[2]**	**11,020,687**
Cash flows from financing activities			
Payment of subscribed capital	84,458	84,458	-
Changes in debt securities in issue	(4,288,437)	(9,808,357)	(15,254,504)
Net cash flow (used in) financing activities	**(4,203,979)**	**(9,723,899)**	**(15,254,504)**
Net decrease in cash and cash equivalents	(2,987,385)	(38,462,743)[3]	(4,833,377)
Cash and cash equivalents at the beginning of the financial year	17,105,705	55,568,448	60,401,825
Cash and cash equivalents at the end of the financial year	**14,118,320**	**17,105,705[4]**	**55,568,448**

1 Restated to €2,132,883 thousand in the 2023 comparative information in the 2024 financial statements from €2,130,301 thousand as a result of the reclassification of the current account balances with other banks amount of €2.6 million at the end of 2023 to loans and advances to credit institutions.

2 Restated to €29,080,301 thousand in the 2023 comparative information in the 2024 financial statements from €29,077,719 thousand as a result of the reclassification of the current account balances with other banks amount of €2.6 million at the end of 2023 to loans and advances to credit institutions.

3 Restated to €38,462,743 thousand in the 2023 comparative information in the 2024 financial statements from €38,460,161 thousand as a result of the reclassification of the current account balances with other banks amount of €2.6 million at the end of 2023 to loans and advances to credit institutions.

4 Restated to €17,105,705 thousand in the 2023 comparative information in the 2024 financial statements from €17,108,287 thousand as a result of the reclassification of the current account balances with other banks amount of €2.6 million at the end of 2023 to loans and advances to credit institutions.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive or individual certificate form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive or individual certificate form to the extent described under "Form of Notes" below.

1. Introduction

(a) *Programme*: The European Stability Mechanism, an international financial institution established by the ESM Treaty and with its seat and principal office in Luxembourg (the "**Issuer**"), has established a Debt Issuance Programme (the "**Programme**") for the issuance of notes (the "**Notes**"). Notes issued under the Programme are obligations of the Issuer only and not of any Member State.

(b) *Final Terms:* Notes issued under the Programme are issued in Series, each of which may comprise one or more Tranches. Each Tranche is the subject of Final Terms which supplement these terms and conditions. The terms and conditions applicable to any particular Tranche of Notes are these terms and conditions as modified or supplemented by the relevant Final Terms. In the event of any inconsistency between these terms and conditions and the relevant Final Terms, the relevant Final Terms shall prevail for the purpose of the relevant Tranche.

(c) *Deed of Covenant*: Bearer Notes in global form which are governed by English law have the benefit of a deed of covenant dated on or about 28 September 2018 (the "**Deed of Covenant**") entered into by the Issuer. Registered Notes which are governed by English law are constituted by the Deed of Covenant.

2. Interpretation

(a) *Definitions*: In these terms and conditions the following expressions have the following meanings:

"**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Agents**" means the Issuing and Paying Agent, the Registrar and the Transfer Agent;

"**Bearer Notes**" means Notes in bearer form;

"**Business Day**" means (other than in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Final Terms), unless otherwise specified in the relevant Final Terms, in relation to:

(a) cash denominated in euro, a day on which T2 is open for the settlement of payments in euro;

(b) cash denominated in another currency, a day on which commercial banks are open for business in the Principal Financial Centre, if any, of the currency of such payment;

(c) securities, a day on which the relevant Clearing System is open for the acceptance and execution of settlement instructions; and

(d) Note Certificates, a day on which commercial banks are open for business in the city in which the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office;

"**Business Day Convention**" has the meaning given in the relevant Final Terms;

"**Calculation Agent**" means (i) in respect of a Unilateral Issuance, the Issuer or (ii) in respect of any other issuance of Notes, such Person specified in the relevant Final Terms as being responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" means, unless otherwise specified in the relevant Final Terms, the aggregate principal amount of Notes of a Series outstanding on any Interest Payment Date;

"**Calculation Period**" means any period for which a Day Count Fraction is calculated;

"**Clearing System**" means Euroclear, Clearstream Luxembourg, Clearstream Frankfurt, DTC or, in relation to any Series, any other clearing system as specified in the relevant Final Terms;

"**Clearstream Frankfurt**" means Clearstream Banking AG, Frankfurt;

"**Clearstream Luxembourg**" means Clearstream Banking, S.A.;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Cross-Series Modification**" means a Modification involving (i) the Notes (to the extent they are Debt Securities) or any agreement governing the issuance or administration of such Notes, and (ii) the Debt Securities of one or more other Debt Securities Series or any agreement governing the issuance or administration of such other Debt Securities, **provided that** all Debt Securities Series affected by the Modification have an original stated maturity of one year or more and references in any provisions relating to Cross-Series Modification in these terms and conditions to Notes, Debt Securities, Holders, Series and Debt Securities Series shall be construed on the basis of such minimum maturity;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any Calculation Period, such day count fraction as may be specified in these terms and conditions or the relevant Final Terms and:

(a) if "**Actual/Actual (ICMA)**" is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(ii) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(b) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(e) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30";

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30,

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

"**Debt Securities**" means the Notes and any other bills, bonds, debentures, notes or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year, and includes any such obligation, irrespective of its original stated maturity, that formerly constituted a component part of a Debt Security;

"**Debt Securities Series**" means a Series of Notes, or a tranche of Debt Securities together with any further tranche or tranches of Debt Securities that in relation to each other and to the original tranche of Debt Securities are (i) identical in all respects except for their date of issuance or first payment date, and (ii) expressed to be consolidated and form a single series, and includes the Debt Securities and any further issuances of Debt Securities;

"**DTC**" means The Depository Trust Company;

"**ESM Treaty**" means the ESM Treaty Establishing the European Stability Mechanism between the Kingdom of Belgium, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic and the Republic of Finland signed in Brussels on 2 February 2012, as amended;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Final Terms**" means the final terms applicable to any Tranche;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Holder**" means, in relation to Bearer Notes, the holder of such Note and in relation to Registered Notes, the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof);

"**Interest Amount**" means, in relation to the Notes of a Series and in relation to an Interest Period, the amount of interest payable in respect of such Notes for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA**" means the International Swaps and Derivatives Association, Inc. (or any successor);

"**ISDA Definitions**" means the 2006 ISDA Definitions or the 2021 ISDA Definitions as specified in the relevant Final Terms;

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Issuing and Paying Agency Agreement**" means the issuing and paying agency agreement applicable to a Series of Notes, as specified in the relevant Final Terms, being either:

(a) (i) an agency letter dated on or about 30 November 2012 (as amended, supplemented or updated from time to time) between the Issuer and Deutsche Bundesbank as issuing and paying agent, and (ii) an agency letter dated on or about 30 November 2012 (as amended, supplemented or updated from time to time) between the Issuer and Clearstream, Frankfurt;

(b) the fiscal agency agreement dated on or about 24 August 2021 between the Issuer and the Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent and the Bank of New York Mellon, London Branch as paying agent, as amended, supplemented or updated from time to time; or

(c) any other issuing and paying agency agreement as specified in the relevant Final Terms.

"**Issuing and Paying Agent**" means (i) in relation to any Series of Notes to be issued into Clearstream Frankfurt, Deutsche Bundesbank, (ii) in relation to any Series of Notes to be issued into Euroclear, Clearstream Luxembourg and/or DTC, the Bank of New York Mellon, London Branch, or (iii) any other Issuing and Paying Agent as specified in the relevant Final Terms;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Meeting**" means a meeting of Holders (whether originally convened or resumed following an adjournment);

"**Member State**" means the Kingdom of Belgium, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic or the Republic of Finland;

"**Minimum Rate of Interest**" for any Interest Period has the meaning given in the Final Terms but shall never be less than zero, including any relevant margin;

"**Modification**" in relation to the Notes means (i) any modification, amendment, supplement or waiver of the terms and conditions of the Notes, (ii) any conversion, exchange or substitution of the Notes, or (iii) any modification, amendment, supplement, waiver or substitution of any agreement governing the issuance or administration of the Notes, and has the same meaning in relation to the Debt Securities of any other Debt Securities Series save that any of the foregoing references to the Notes or any agreement governing the issuance or administration of the Notes shall be read as references to such other Debt Securities or any agreement governing the issuance or administration of such other Debt Securities;

"**New ESM Notes**" means Notes issued by the Issuer for delivery to Holders if so specified in the relevant Final Terms in relation to a Call Option, the characteristics of such Notes and of their delivery being described in the relevant Final Terms;

"**Non-Reserved Matter**" means any Modification of the terms and conditions of the Notes or of any agreement governing the issuance or administration of the Notes that would affect a matter other than a Reserved Matter, and has the same meaning in relation to the Debt Securities of any other Debt Securities Series save that any of the foregoing references to the Notes or any agreement governing the issuance or administration of the Notes shall be read as references to such other Debt Securities or any agreement governing the issuance or administration of such other Debt Securities;

"**Note Certificate**" means a certificate issued to each Holder of Registered Notes in respect of its registered holding;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, such amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency **provided, however, that** in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these terms and conditions and/or the relevant Final Terms;

"**Redemption Amount**" means, in respect of a Note, the Final Redemption Amount or the Optional Redemption Amount (Call);

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"**Reference Rate**" means EURIBOR, €STR, SOFR or such other Reference Rate as may be specified in the relevant Final Terms for the purposes of calculating the Rate of Interest in respect of Floating Rate Notes. Other than in the case of U.S. dollar-denominated floating rate Notes or a Note for which the "Reference Rate" is specified in the relevant Final Terms as being SOFR, the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 6(i) (*Benchmark Replacement (Independent Adviser)*), include any Successor Rate or Alternative Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Rate, also include any further Successor Rate or further Alternative Rate;

"**Register**" means the register of Registered Notes maintained by the Registrar;

"**Registered Notes**" means Notes in registered form;

"**Registrar**" has the meaning given in the relevant Final Terms;

"**Regular Period**" means:

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the First Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

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

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Issuing and Paying 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 Holders;

"**Relevant Debt Securities Series**" means, in relation to a proposed Cross-Series Modification, all those series of Debt Securities, either specified in the relevant notice for convening a meeting or specified in connection with the associated draft written resolution, which are to be aggregated for voting purposes in connection with that proposed Cross-Series Modification;

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

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Reserved Matter**" means any Modification of the terms and conditions of the Notes or of any agreement governing the issuance or administration of the Notes that would:

(a) change the date on which any amount is payable on the Notes;

(b) reduce any amount, including any overdue amount, payable on the Notes;

(c) change the method used to calculate any amount payable on the Notes;

(d) reduce the redemption price for the Notes or change any date on which the Notes may be redeemed;

(e) change the place of payment of any amount payable on the Notes;

(f) change the currency of any amount payable on the Notes or impose any condition on or otherwise modify the Issuer's obligation to make payments on the Notes;

(g) change the seniority or ranking of the Notes;

(h) change the law governing the Notes;

(i) change any court to whose jurisdiction the Issuer has submitted in relation to legal proceedings arising out of or in connection with the Notes;

(j) change the principal amount of outstanding Notes or, in the case of a Cross-Series Modification, the principal amount of Debt Securities of any other Debt Securities Series required to approve a proposed Modification in relation to the Notes, the principal amount of outstanding Notes required for a quorum to be present, or the rules for determining whether a Note is outstanding for these purposes;

(k) change the definition of "Cross-Series Modification", "Uniformly Applicable", "Relevant Debt Securities Series" or "Reserved Matter",

and has the same meaning in relation to the Debt Securities of any other Debt Securities Series save that any of the foregoing references to the Notes or any agreement governing the issuance or administration of the Notes shall be read as references to such other Debt Securities or any agreement governing the issuance or administration of such other Debt Securities;

"**Series**" means a tranche of Notes, together with any further tranche or tranches of Notes that in relation to each other and to the original tranche of Notes are (i) identical in all respects except for their issue price, date of issuance or the amount of the first payment of interest, and (ii) expressed to be consolidated and form a single series;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" means the offices of each of the Agents as set out in the relevant Notes;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**T2**" means the real time gross settlement system operated by the Eurosystem or any successor system;

"**Transfer Agent**" has the meaning given in the relevant Final Terms;

"**Tranche**" means a tranche of Notes governed by the relevant Final Terms and these terms and conditions (as amended, modified or supplemented in the relevant Final Terms), and expressed to be consolidated and form a single series with other Tranches of the same Series;

"**Uniformly Applicable**" means a Cross-Series Modification by which holders of Debt Securities of a Relevant Debt Securities Series are invited to:

(a) exchange, convert or substitute their Debt Securities or amend the terms and conditions of their Debt Securities on a basis which would have the effect of reducing the principal amount outstanding by the same proportion under all Relevant Debt Securities Series;

(b) exchange, convert or substitute their Debt Securities or amend the terms and conditions of their Debt Securities on a basis which would have the effect of extending the respective date on which principal amounts are payable under all Relevant Debt Securities Series by either the same period or by the same proportion;

(c) exchange, convert or substitute their Debt Securities on the same terms for (x) the same new instrument or other consideration or (y) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration;

(d) amend the terms and conditions of the Debt Securities such that each Relevant Debt Securities Series is amended on a basis which would, following implementation of such amendments, result in the amended Debt Securities having identical provisions (other than provisions which are necessarily different having regard to different currency of issuance);

(e) in relation to the following Reserved Matters only, namely the Reserved Matters set out in any of the sub-paragraphs (e), (g), (h), (i), (j) and (k) of the definition thereof, amend the same term or terms in the terms and conditions of the Debt Securities such that each Relevant Debt Securities Series is amended on a basis which would, following implementation of such amendments, result in the amended Debt Securities being the subject of an identical amendment; or

(f) amend the terms and conditions of the Debt Securities such that each Relevant Debt Securities Series is amended on a basis which would, following implementation of such amendments, result in one or more interest payment dates being extended by the same period other than where such an extension results from any extension of maturity in which case sub-paragraph (b) above shall apply; and

"**Unilateral Issuance**" means the creation of Notes by the Issuer pursuant to Article 2 of the Luxembourg law of 21 July 2021 approving the Agreement amending the Treaty establishing the European Stability Mechanism.

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation*: In these terms and conditions:

(i) all references to "Notes" are to the Notes which are the subject of the relevant Final Terms;

(ii) if the Notes are Zero Coupon Notes, references to coupons and holders of coupons are not applicable;

(iii) if talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to coupons shall be deemed to include references to talons;

(iv) if talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to talons are not applicable;

(v) any reference to principal shall be deemed to include the Redemption Amount, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these terms and conditions;

(vi) any reference to interest shall be deemed to include any other amount in the nature of interest payable pursuant to these terms and conditions;

(vii) references to Notes being "outstanding" shall be construed in accordance with the Issuing and Paying Agency Agreement;

(viii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(ix) any reference to the Issuing and Paying Agency Agreement shall be construed as a reference to the Issuing and Paying Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination, Title and Transfer**

(a) *Form*: Notes may be issued in bearer form or in registered form (unless otherwise specified in the relevant Final Terms).

(b) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with coupons and, if specified in the relevant Final Terms, talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination.

(c) *Title to Bearer Notes:* Title to Bearer Notes and coupons pertaining thereto will pass by delivery.

(d) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

(e) *Title to Registered Notes:* The Registrar will maintain the Register in accordance with the provisions of the Issuing and Paying Agency Agreement. A Note Certificate will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(f) *Ownership:* The Holder 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, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.

(g) *Transfers of Registered Notes:* Subject to paragraphs (j) (*Closed periods*) and (k) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(h) *Registration and delivery of Note Certificates:* Within five Business Days of the surrender of an individual note certificate in accordance with paragraph (g) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder.

(i) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(j) *Closed periods:* Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(k) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Issuing and Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4. **Status of the Notes**

Notes will be issued on an unsecured, unsubordinated basis and will constitute direct and unconditional obligations of the Issuer and will at all times rank *pari passu* among themselves.

5. **Calculation of Interest**

(a) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments- Bearer Notes*) and Condition 10 (*Payments- Registered Notes*). Notes will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case they will continue to bear interest in accordance with this Condition 5 (*Calculation of Interest*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of the Notes held by the relevant Holder up to that day are received by or on behalf of such Holder and (ii) the day which is seven days after the Issuing and Paying Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(b) *Calculation of Interest Amount:* The Interest Amount shall be determined by applying the Rate of Interest (as determined, where applicable, pursuant to Condition 6 (*Floating Rate Note and Index-Linked Interest Note Provisions*)) to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). In relation to Floating Rate Notes and Index-Linked Interest Notes the Interest Amount shall be calculated and published by the Calculation Agent in accordance with Condition 6 (*Floating Rate Note and Index-Linked Interest Note Provisions*).

(c) *Payment to Holder*: The amount of interest payable to each Holder, for any Interest Period, in respect of the Notes held by it shall, subject to Condition 9 (*Payments- Bearer Notes*) and Condition 10 (*Payments- Registered Notes*), be an amount calculated by dividing the principal amount of the Notes held by such Holder, on the relevant Interest Payment Date, by the Calculation Amount, multiplying the resulting figure by the Interest Amount and rounding such amount to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

(d) For the purposes of this Condition 5 (*Calculation of Interest*), a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6. **Floating Rate Note and Index-Linked Interest Note Provisions**

(a) *Application:* This Condition 6 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SOFR or €STR is specified as the Reference Rate in the relevant Final Terms) determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issuer will:

(A) request the Principal Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the interbank market of the Principal Financial Centre in an amount that is representative for a single transaction in that market at that time; and

(B) provide such quotation to the Calculation Agent who shall determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, requested and selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

(c) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) if the relevant Final Terms specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:

(A) the Floating Rate Option is as specified in the relevant Final Terms;

(B) the Designated Maturity, if applicable, is a period specified in the relevant Final Terms;

(C) the relevant Reset Date, unless otherwise specified in the relevant Final Terms, has the meaning given to it in the ISDA Definitions;

(D) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the relevant Final Terms and:

(1) if Compounding with Lookback is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Final Terms;

(2) if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Final Terms and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms; or

(3) if Compounding with Lockout is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms;

(E) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the relevant Final Terms and:

(1) if Averaging with Lookback is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Final Terms;

(2) if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Overnight Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Final Terms and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms; or

(3) if Averaging with Lockout is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms; and

(F) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the relevant Final Terms, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Final Terms and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms;

(ii) references in the ISDA Definitions to:

(A) "**Confirmation**" shall be references to the relevant Final Terms;

(B) "**Calculation Period**" shall be references to the relevant Interest Period;

(C) "**Termination Date**" shall be references to the Maturity Date;

(D) "**Effective Date**" shall be references to the Interest Commencement Date; and

(iii) if the Final Terms specify "2021 ISDA Definitions" as being applicable:

(A) "**Administrator/Benchmark Event**" shall be disapplied; and

(B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".

(iv) unless otherwise defined capitalised terms used in this Condition 6(c) shall have the meaning ascribed to them in the ISDA Definitions.

(d) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

(e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuing and Paying Agent and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any Interest Amount without notice in the event of an extension or shortening of the relevant Interest Period.

(h) *Notifications, etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Calculation of Interest*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agents, the Holders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(i) *Benchmark Discontinuation:*

Benchmark Replacement:

This Condition 6(i) (*Benchmark Discontinuation*) shall not apply to Notes for which the Reference Rate is specified in the relevant Final Terms as being "SOFR", in respect of which the provisions of Condition 6A (*Floating Rate Notes referencing SOFR*) and benchmark discontinuation provisions of Condition 6A(d) will apply.

Benchmark Replacement (Independent Adviser)

If a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with this Condition 6(i)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 6(i)(cc)) and any Benchmark Amendments (in accordance with Condition 6(i)(dd)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agents, the Calculation Agent or the Holders for any determination made by it pursuant to this Condition 6(i) (*Benchmark Discontinuation - Benchmark Replacement (Independent Adviser)*).

(aa) If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 6(i) (*Benchmark Discontinuation - Benchmark Replacement (Independent Adviser)*) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest

Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 6(i)(aa) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 6(i) (*Benchmark Discontinuation - Benchmark Replacement (Independent Adviser)*).

(bb) If the Independent Adviser determines in its discretion (acting in good faith and in a commercially reasonable manner) that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 6(i)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 6(i) (*Benchmark Discontinuation - Benchmark Replacement (Independent Adviser)*) in the event of a further Benchmark Event affecting the Successor Rate; or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 6(i)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 6(i) (*Benchmark Discontinuation - Benchmark Replacement (Independent Adviser)*) in the event of a further Benchmark Event affecting the Alternative Rate.

(cc) If the Independent Adviser determines in its discretion (acting in good faith and in a commercially reasonable manner) (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

(dd) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 6(i) (*Benchmark Discontinuation - Benchmark Replacement (Independent Adviser)*) and the Independent Adviser determines in its discretion (acting in good faith and in a commercially reasonable manner) (i) that amendments to these terms and conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 6(i)(ee), without any requirement for the consent or approval of relevant Holders, vary these terms and conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Issuing and Paying Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these terms and conditions as may be required in order to give effect to this Condition 6(i) (*Benchmark Discontinuation – Benchmark Replacement (Independent Adviser)*)).

(ee) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 6(i) (*Benchmark Discontinuation – Benchmark Replacement (Independent Adviser)*) will be notified promptly by the Issuer to the Issuing and Paying Agent and the Calculation Agent and, in accordance with Condition 17 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(ff) No later than notifying the Issuing and Paying Agent of the same, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by one or more authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 6(i); and

(B) certifying that (1) the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread and (2) the intent of the drafting of such changes is solely to implement the relevant Benchmark Replacement Conforming Changes.

The Issuing and Paying Agent shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

(gg) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Issuing and Paying Agent, the Calculation Agent and the Holders.

(hh) As used in this Condition 6(i) (*Benchmark Discontinuation – Benchmark Replacement (Independent Adviser)*):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or

(C) (if no such determination has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 6(i) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

"**Benchmark Amendments**" has the meaning given to it in Condition 6(i)(dd).

"**Benchmark Event**" means:

(A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or

(F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Holder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, as amended (if applicable)).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C), (D), or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

"**Benchmark Replacement Conforming Changes**" means, with respect to any replacement of the Reference Rate, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer or the Independent Adviser (as applicable) decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or the Independent Adviser (as applicable) decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or the Independent Adviser (as applicable) determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or the Independent Adviser (as applicable) determines is reasonably necessary);

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense under Condition 6(i).

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

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

6A. **Floating Rate Notes referencing SOFR**

(a) This Condition 6A is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, and the "Reference Rate" is specified in the relevant Final Terms as being "SOFR".

(b) Where "SOFR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date. In no event will the Rate of Interest for any Interest Period be less than the Minimum Rate of Interest.

(c) For the purposes of this Condition 6A:

"**Benchmark**" means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 6A. (*Interest – Floating Rate Notes referencing SOFR*).

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days in the Observation Period will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 6A(d) below will apply.

"**Business Day**" means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"**Compounded SOFR**" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \, x \, n_i}{D}\right)-1\right] x \, \frac{D}{d}$$

"**d**" is the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period.

"**D**" is the number specified in the relevant Final Terms (or, if no such number is specified, 360);

"**d_o,**" is the number of U.S. Government Securities Business Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period,

to and including the last US Government Securities Business Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"**Interest Period**" means each period from, and including, an Interest Payment Date (or, in the case of the first Interest Period, the Interest Commencement Date) to, but excluding, the next Interest Payment Date (or, in the case of the final Interest Period, the Maturity Date or, if the Issuer elects to redeem the Notes on any earlier redemption date, the relevant redemption date);

"$\mathbf{n_i}$" for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("**i+1**");

"**Observation Period**" in respect of an Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or if no such period is specified, five U.S. Government Securities Business Days;

"**SOFR**" with respect to any U.S. Government Securities Business Day, means:

(i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or

(ii) subject to Condition 6A(d) below, if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFRi,**" means the SOFR for:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant U.S. Government Securities Business Day "i"; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

(d) If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Holders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(i) will be conclusive and binding absent manifest error;

(ii) will be made in the sole discretion of the Issuer; and

(iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

For the purposes of this Condition 6A(d):

"**Benchmark**" means, initially, Compounded SOFR, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;

(ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or

(iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended

by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(e) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 6(A) will be notified promptly by the Issuer to the Issuing and Paying Agent, the Calculation Agent and, in accordance with Condition 17 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Issuing and Paying Agent of the same, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 6A; and

(B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

(f) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6A., the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

6B. **Floating Rate Notes referencing €STR**

(a) This Condition 6B is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, the Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, and the "Reference Rate" is specified in the relevant Final Terms as being "€STR".

(b) Where "€STR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be the Compounded Daily €STR plus or minus (as

specified in the relevant Final Terms) the Margin, if any, all as determined by the Calculation Agent on each Interest Determination Date.

(c) For the purposes of this Condition 6B:

"**Compounded Daily €STR**" means, with respect to any Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as the reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{€\mathrm{STR}_i \times n_i}{\mathrm{D}}\right)-1\right]\times\frac{\mathrm{D}}{d}$$

where:

"***d***" means the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" means the number specified as such in the relevant Final Terms (or, if no such number is specified, 360);

"d_o" means the number of TARGET Business Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

the "**€STR reference rate**", in respect of any TARGET Business Day, is a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Business Day as provided by the €STR Administrator on the €STR Administrator's Website (or, if no longer published on its website, as otherwise published by it or provided by it to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the TARGET Business Day immediately following such TARGET Business Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the €STR Administrator);

"**€STR Administrator**" means the European Central Bank (or any successor administrator of €STR);

"**€STR Administrator's Website**" means the website of the European Central Bank or any successor source;

"**€STR$_i$**" means the €STR reference rate for:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the TARGET Business Day falling "*p*" TARGET Business Days prior to the relevant TARGET Business Day "*i*"; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant TARGET Business Day "*i*".

"***i***" is a series of whole numbers from one to "d_o", each representing the relevant TARGET Business Day in chronological order from, and including, the first TARGET Business Day in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last TARGET Business Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" TARGET Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"n_i" for any TARGET Business Day "*i*" in the relevant Interest period or Observation Period (as applicable), means the number of calendar days from (and including) such TARGET Business Day "*i*" up to (but excluding) the following TARGET Business Day;

"**Observation Period**" means, in respect of any Interest Period, the period from (and including) the date falling "p" TARGET Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling "p" TARGET Business Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) such earlier date, if any, on which the Notes become due and payable;

"**p**" for any latest Interest Period or Observation Period (as applicable), means the number of TARGET Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or, if no such period is specified, five TARGET Business Days; and

"**TARGET Business Day**" means any day on which T2 is open for the settlement of payments in euro.

(d) Subject to Condition 6(i) (*Benchmark Discontinuation - Benchmark Replacement (Independent Adviser)*), if, where any Rate of Interest is to be calculated pursuant to Condition 6B(b) above, in respect of any TARGET Business Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Business Day shall be the €STR reference rate for the first preceding TARGET Business Day in respect of which €STR reference rate was published by the €STR Administrator on the €STR Administrator's Website, as determined by the Calculation Agent.

(e) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6B, but without prejudice to Condition 6(i) (*Benchmark Discontinuation - Benchmark Replacement (Independent Adviser)*), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

6C. **Floating Rate Notes referencing SOFR Compounded Index**

This Condition 6C is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, and "SOFR Compounded Index" is specified in the relevant Final Terms as being applicable.

Where SOFR Compounded Index is specified in the relevant Final Terms as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left(\frac{Compounded\ Index_{End}}{Compounded\ Index_{Start}} - 1\right) \times \left(\frac{Numerator}{d}\right)$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Issuing and Paying Agent or the Calculation Agent, as applicable, where:

"**Compounded Index**" shall mean SOFR Compounded Index;

"d" is the number of calendar days from (and including) the day on which the Compounded Index Start is determined to (but excluding) the day on which the Compounded Index End is determined;

"End" means the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Index Days**" means U.S. Government Securities Business Days;

"**Numerator**" means 360, or as otherwise specified in the Final Terms;

"**Relevant Decimal Place**" shall, unless otherwise specified in the Final Terms, be the fifth decimal place rounded up or down, if necessary (with 0.000005 being rounded upwards);

"**Relevant Number of Index Days**" is as specified in the relevant Final Terms, but, unless otherwise specified, shall be five;

"**SOFR Compounded Index**" means the compounded daily SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source;

"**Start**" means the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Provided that a Benchmark Event has not occurred in respect of the Compounded Index, if, with respect to any Interest Period, the relevant rate is not published for the Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if SOFR Compounded Index was not specified in the relevant Final Terms and as if Compounded Daily SOFR (as defined in Condition 6A) had been specified instead in the Final Terms and where "p" for the purposes of that definition in Condition 6A shall be deemed to be the same as the Relevant Number of Index Days specified in the Final Terms. For the avoidance of doubt, if a Benchmark Event has occurred in respect of the Compounded Index, the provisions of Condition 6(i) (*Benchmark Discontinuation*) shall apply.

7. Zero Coupon Note Provisions

(a) *Application:* This Condition 7 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Issuing and Paying Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

8. **Redemption and Purchase**

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 9 (*Payments- Bearer Notes*) and Condition 10 (*Payments- Registered Notes*).

(b) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, all, but not some only, of the Notes may be redeemed at the option of the Issuer on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) or, if so specified in the relevant Final Terms, by delivery by the Issuer to the Holders of New ESM Notes on the Issuer's giving not less than 15 nor more than 30 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date or, if so specified in the relevant Final Terms, by delivery of New ESM Notes).

(c) *No other redemption:* The Issuer shall not be entitled to redeem Notes otherwise than as provided in paragraph (a) above or as expressly provided in the Final Terms of the relevant issue of Notes.

(d) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 8(d) or, if none is so specified, a Day Count Fraction of 30E/360.

(e) *Notice of redemption:* All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in accordance with this Condition.

(f) *Purchase:* The Issuer may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured coupons are purchased therewith.

(g) *Cancellation:* All Notes so redeemed or purchased by the Issuer and any unmatured coupons attached to or surrendered with them may be held by the Issuer or resold or may be cancelled and, if so cancelled, may not be reissued or resold.

9. **Payments – Bearer Notes**

This Condition 9 (*Payments - Bearer Notes*) is only applicable to Bearer Notes.

(a) *Principal:* Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of the Issuing and Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency.

(b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate coupons at the Specified Office of the Issuing and Paying Agent outside the United States in the manner described in paragraph (a) above.

(c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of the Issuing and Paying Agent in New York City if (i) the Issuer has appointed the Issuing and Paying Agent outside the United States with the reasonable expectation that the Issuing and Paying Agent will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all the Issuing and Paying Agent is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) *Payments subject to fiscal laws:* All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.

(e) *Deductions for unmatured coupons:* If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured coupons relating thereto:

(i) if the aggregate amount of the missing coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing coupons is greater than the amount of principal due for payment:

(A) so many of such missing coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing coupon to become void, such missing coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing coupons.

(f) *Unmatured coupons void*: If the relevant Final Terms specifies that this Condition 9(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Bearer Note, all unmatured coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) *Payments on Business Days:* If the due date for payment of any amount in respect of any Bearer Note or coupon is not a Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) *Payments other than in respect of matured coupons:* Payments of interest other than in respect of matured coupons shall be made only against presentation of the relevant Notes at the Specified Office of the Issuing and Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) *Partial payments:* If the Issuing and Paying Agent makes a partial payment in respect of any Bearer Note or coupon presented to it for payment, the Issuing and Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) *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 Bearer Notes, the talon forming part of such coupon sheet may be exchanged at the Specified Office of the Issuing and Paying Agent for a further coupon sheet (including, if appropriate, a further talon but excluding any coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged talon relating to such Bearer Note shall become void and no coupon will be delivered in respect of such talon.

10. **Payments - Registered Notes**

This Condition 10 (*Payments - Registered Notes*) is only applicable to Registered Notes.

(a) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due, or, upon application by a Holder of a Registered Note to the specified office of the Registrar not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Registrar.

(b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due, or, upon application by a Holder of a Registered Note to the specified office of the Registrar not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Registrar.

(c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.

(d) *Payments on Business Days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Business Day, for value the next

succeeding Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the specified office of the Registrar and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Business Day or (B) a cheque mailed in accordance with this Condition 10 (*Payments - Registered Notes*) arriving after the due date for payment or being lost in the mail.

(e) *Partial payments:* If the Registrar makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

11. Taxation

All payments of principal and interest in respect of the Notes and the coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by any applicable law. In that event, the Issuer shall not be under any obligation to pay any additional amounts in respect of such withholding or deduction whatsoever.

12. Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

13. Replacement of Notes and Coupons

If any Note or coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Issuing and Paying Agent, in the case of Bearer Notes, or the Registrar in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of the Issuing and Paying Agent or Transfer Agent in any particular place, the Issuing and Paying Agent or the Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system 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 Issuer may reasonably require. Mutilated or defaced Notes or coupons must be surrendered before replacements will be issued.

14. Agents

The Agents shall act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The initial Agents and their initial Specified Offices are listed below. Except as provided in paragraph (iv) below, the initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor issuing and paying agent or Calculation Agent and additional or successor paying agents; **provided, however, that***:*

(i) the Issuer shall at all times maintain an issuing and paying agent; and

(ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;

(iii) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent and/or a transfer agent in any particular place, the Issuer shall maintain a paying agent and/or a transfer agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system; and

(iv) the Calculation Agent in respect of a Unilateral Issuance shall be the Issuer itself.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Holders.

15. **Meetings of Holders; Modification and Waiver**

(a) *Meetings of Holders*: The Issuing and Paying Agency Agreement contains provisions for convening Meetings of Holders to consider matters relating to the Notes, including the Modification of any provision of these terms and conditions. Certain provisions of this Condition 15 (*Meetings of Holders, Modifications and Waivers*) are summaries of the Issuing and Paying Agency Agreement and are subject to their detailed provisions. Holders are bound by, and are deemed to have notice of, all the provisions of the Issuing and Paying Agency Agreement.

(b) *Convening of Meeting*: A Meeting may be convened by the Issuer at any time.

(c) *Quorum and Voting*: The quorum at any Meeting at which Holders will vote on a proposed Modification of: (a) a Reserved Matter will be one or more voters present and holding not less than 66 2/3% of the aggregate principal amount of the Notes then outstanding; and (b) a Non-Reserved Matter will be one or more voters present and holding not less than 50% of the aggregate principal amount of the Notes then outstanding.

These terms and conditions and any agreement governing the issuance or administration of the Notes may be modified in relation to such Reserved Matter with the consent of the Issuer and: (a) the affirmative vote of Holders of not less than 75% of the aggregate principal amount of the outstanding Notes represented at a duly called Meeting; or (b) a written resolution signed by or on behalf of Holders of not less than 66 2/3% of the aggregate principal amount of the Notes then outstanding.

In the case of a Cross-Series Modification in relation to a Reserved Matter, these terms and conditions and the terms and conditions of Debt Securities of any other Relevant Debt Securities Series, and any agreement governing the issuance or administration of the Notes (to the extent they are Debt Securities) or the Debt Securities of such other Relevant Debt Securities Series, may be modified in relation to a Reserved Matter with the consent of the Issuer and: (a) the affirmative vote of holders of not less than 66 2/3% of the aggregate principal amount of the outstanding Debt Securities of all the Relevant Debt Securities Series (taken in the aggregate); or (b) a written resolution signed by or on behalf of the holders of not less than 66 2/3% of the aggregate principal amount of the outstanding Debt Securities of all the Relevant Debt Securities Series (taken in the aggregate). A separate Meeting will be called and held, or a separate written resolution signed, in relation to the proposed Cross-Series Modification of the Notes (to the extent they are Debt Securities) and the proposed Cross-Series Modification of each other Relevant Debt Securities Series.

In the case of a Cross-Series Modification in relation to a Reserved Matter: (i) such Cross-Series Modification must be Uniformly Applicable; (ii) any reference to amending the terms and

conditions of Debt Securities in the definition of Uniformly Applicable shall extend to any agreement governing the issuance or administration thereof; (iii) in order for any Cross-Series Modification under sub-paragraph (b) of the definition of Uniformly Applicable to be regarded as extending principal amounts by the same proportion, the result of (y) divided by (x) (rounded to two decimal places) shall be the same for each Relevant Debt Securities Series, where: (x) is the original residual maturity under a Relevant Debt Securities Series in effect immediately prior to the proposed effective date of such exchange, conversion, substitution or amendment (ignoring any acceleration thereof), expressed as a number of days; and (y) is the residual maturity thereof in effect immediately following such proposed effective date, expressed as a number of days; (iv) where no menu of options is offered, any such Cross-Series Modification under sub-paragraph (c) or (d) of the definition of Uniformly Applicable will not be considered Uniformly Applicable if, in the case of sub-paragraph (c), each exchanging, converting or substituting holder of Debt Securities of any Relevant Debt Securities Series, or in the case of sub-paragraph (d), each amending holder of Debt Securities of any Relevant Debt Securities Series, is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered, in the case of sub-paragraph (c), to each other exchanging, converting or substituting holder of Debt Securities of any Relevant Debt Securities Series, or in the case of sub-paragraph (d), to each other amending holder of Debt Securities of any Relevant Debt Securities Series; (v) where a menu of options is offered, any such Cross-Series Modification under sub-paragraph (c) or (d) of the definition of Uniformly Applicable will not be considered Uniformly Applicable if, in the case of sub-paragraph (c), each exchanging, converting or substituting holder of Debt Securities of any Relevant Debt Securities Series, or in the case of sub-paragraph (d), each amending holder of Debt Securities of any Relevant Debt Securities Series, is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered, in the case of sub-paragraph (c) to each other exchanging, converting or substituting holder of Debt Securities of any Relevant Debt Securities Series, or in the case of sub-paragraph (d), to each other amending holder of Debt Securities of any Relevant Debt Securities Series electing the same option under such menu of options; and (vi) where a Cross-Series Modification falling within sub-paragraph (a) or (b) of the definition of Uniformly Applicable is combined with a Cross-Series Modification falling within sub-paragraph (f) of the definition of Uniformly Applicable, those Cross-Series Modifications will not be regarded as being Uniformly Applicable unless the requirement described in sub-paragraph (iv) above is satisfied in relation to those combined Cross-Series Modifications.

These terms and conditions and any agreement governing the issuance or administration of the Notes may be modified in relation to any Non-Reserved Matter with the consent of the Issuer and: (a) the affirmative vote of Holders of more than 50% of the aggregate principal amount of the outstanding Notes represented at a duly called Meeting; or (b) a written resolution signed by or on behalf of Holders of more than 50% of the aggregate principal amount of the outstanding Notes.

In the case of a Cross-Series Modification in relation to a Non-Reserved Matter, these terms and conditions and the terms and conditions of Debt Securities of any other Relevant Debt Securities Series, and any agreement governing the issuance or administration of the Notes or the Debt Securities of such other Relevant Debt Securities Series, may be modified in relation to such Non-Reserved Matter with the consent of the Issuer and: (i) the affirmative vote of holders of more than 50% of the aggregate principal amount of the outstanding Debt Securities of all the Relevant Debt Securities Series (taken in the aggregate); or (ii) a written resolution signed by or on behalf of the holders of more than 50% of the aggregate principal amount of the outstanding Debt Securities of all the Relevant Debt Securities Series (taken in the aggregate). A separate Meeting will be called and held, or a separate written resolution signed, in relation to the proposed Cross-Series Modification of the Notes and the proposed Cross-Series Modification of each other Relevant Debt Securities Series.

The provisions of these terms and conditions relating to Cross-Series Modification shall only apply in relation to Notes with an original stated maturity of one year or more.

Any such resolution duly passed at a Meeting convened and held in accordance with these terms and conditions and the provisions of the Issuing and Paying Agency Agreement, and a written resolution duly signed by the requisite majority of Holders, will be binding on all Holders, whether

or not the Holder was present at the Meeting, voted for or against the resolution or signed the written resolution.

(d) *Modification:* The Notes and these terms and conditions may be amended without the consent of the Holders to correct a manifest error.

16. **Further Issues**

The Issuer may from time to time, without the consent of the Holders, 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 and the issue price) so as to form a single series with the Notes, provided that further notes that are not fungible with the Notes for U.S. federal income tax purposes shall have a separate ISIN or other identifying number from the Notes if the Notes were issued in accordance with Rule 144A. The Issuer may from time to time create and issue other series of notes.

17. **Notices**

(a) *Bearer Notes:* Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Bearer Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (*www.luxse.com*) or in either case, 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 (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of coupons shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) *Registered Notes*: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Registered Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, notices to Holders will be published on the date of such mailing in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (*www.luxse.com*) or in either case, 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 fourth day after the date of mailing.

18. **Rounding**

For the purposes of any calculations referred to in these terms and conditions (unless otherwise specified in these terms and conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), and (b) all amounts paid to Holders resulting from such calculations will be rounded to the nearest euro cent or, in the case of any currency other than euro, to the nearest integer of the lowest unit of such currency that is available as legal tender in the country of such currency with half such unit being rounded upwards.

19. **Governing Law and Jurisdiction**

(a) *Governing law:* The Notes and all non-contractual obligations arising out of or in connection with the Notes shall, as specified in the relevant Final Terms, be governed by Luxembourg law, English law or such other law designated in the relevant Final Terms, except as to matters relating to the authorisation and execution of the Notes by the Issuer which shall be governed by the ESM Treaty.

(b) *Jurisdiction:* The courts of Luxembourg-City (Grand Duchy of Luxembourg) shall have exclusive jurisdiction to settle any dispute arising out of or in connection with the terms of the Notes (a "**Dispute**").

(c) *Appropriate forum*: The Issuer agrees that the courts referred to in Condition 19(b) are the most appropriate and convenient courts to settle any Dispute and, accordingly, it shall not argue to the contrary.

(d) *Waiver of immunity*: The Issuer hereby agrees (to the extent permitted by law and the ESM Treaty) but solely in respect of the proceedings described in Condition 19(b) to waive irrevocably its immunity from suit. This waiver shall not extend to (i) any dispute or controversy relating to non-contractual obligations, (ii) any measure of execution, or (iii) any other proceedings (including actions under the securities laws of Luxembourg, the United States or any other jurisdictions), and does not imply a waiver of any other privileges and immunities from which the Issuer may benefit under the ESM Treaty or the laws of the relevant jurisdiction.

DESCRIPTION OF THE ISSUER

Overview

The ESM is an international financial institution established by the Treaty Establishing the European Stability Mechanism (the "**ESM Treaty**")[2]. It is the successor to the European Financial Stability Facility (the "**EFSF**") which was initially set up to address the European sovereign debt crisis in 2010.

The ESM Treaty was signed by the member states of the European Union (the "**EU**") that adopted the euro as their currency (the "**Euro Area Member States**" or "**ESM Members**"[3]) on 2 February 2012. After ratification by all Euro Area Member States, the ESM Treaty became effective on 27 September 2012. The ESM commenced operations on 8 October 2012 and has its seat and principal office in Luxembourg.

The purpose of the ESM is to mobilise funding and provide stability support for the benefit of ESM Members which are experiencing, or are threatened by, severe financing problems, if indispensable to safeguard the financial stability of the euro area as a whole and of the ESM Members. The provision of stability support by the ESM is financed by borrowing in the European and international capital markets and money markets. In order to finance the operation of the ESM itself, an appropriate margin is then charged to the ESM Members receiving stability support.

As of 30 June 2025, the ESM's total subscribed capital amounted to €708.49 billion subscribed by all ESM Members, of which €80.97 billion was paid-in capital[4]. As of 30 June 2025, the ESM had disbursed €41.33 billion to Spain (€11.86 billion outstanding), €61.93 billion to Greece (€59.57 billion outstanding) and €6.3 billion to Cyprus (€6.3 billion outstanding), for a total disbursement of €109.6 billion (€77.73 billion outstanding). As of 30 June 2025, the ESM has €88.56 billion in bills and bonds outstanding.

Capital Structure

Contribution Key and Paid-in Capital

As of 30 June 2025, the ESM's total subscribed capital amounted to €708.49 billion, which has been subscribed by all ESM Members and of which €80.97 billion was paid-in capital, as set forth in the following table (the "**Contribution Key**"):

	ESM contribution key (%)	Number of shares	Subscribed capital (in thousands of €)	Paid-in capital (in thousands of €)
Federal Republic of Germany	26.7402	1,894,528	189,452,800	21,651,750
French Republic	20.0809	1,422,720	142,272,000	16,259,660
Italian Republic	17.6457	1,250,187	125,018,700	14,287,850
Kingdom of Spain	11.7256	830,750	83,075,000	9,494,290
Kingdom of the Netherlands	5.6315	398,988	39,898,800	4,559,860
Kingdom of Belgium.....	3.4250	242,662	24,266,200	2,773,280
Hellenic Republic.....	2.7745	196,573	19,657,300	2,246,550
Republic of Austria	2.7418	194,252	19,425,200	2,220,020
Portuguese Republic.....	2.4716	175,114	17,511,400	2,001,300
Republic of Finland.....	1.7706	125,443	12,544,300	1,433,630
Ireland	1.5684	111,117	11,111,700	1,269,910

[2] See "*ESM Reforms*" regarding the Amending Agreement to the ESM Treaty.

[3] Latvia joined the ESM in March 2014, Lithuania in February 2015 and Croatia in March 2023. Therefore, where appropriate, the terms "Euro Area Member States" and "ESM Members" also include Latvia, Lithuania and Croatia. Following the EU Council decision to approve Bulgaria's Euro adoption as of 1 January 2026, Bulgaria is expected to become the 21st ESM Member.

[4] This amount reflects the paid-in capital subscribed by Croatia upon accession to the ESM. The payment of the corresponding contribution of €422.29 million is to be paid in five equal annual instalments of €84.46 million. The first instalment was paid on 30 March 2023, the second instalment was paid on 28 March 2024 and the third instalment was paid on 28 March 2025, totalling €253.37 million effectively paid-in by Croatia so far.

	ESM contribution key (%)	Number of shares	Subscribed capital (in thousands of €)	Paid-in capital (in thousands of €)
Slovak Republic	0.9791	69,369	6,936,900	792,790
Republic of Croatia[5]	0.5215	36,950	3,695,000	422,290
Republic of Slovenia	0.4643	32,894	3,289,400	375,930
Republic of Lithuania	0.4042	28,634	2,863,400	327,200
Republic of Latvia	0.2732	19,353	1,935,300	221,200
Republic of Estonia	0.2527	17,907	1,790,700	204,650
Grand Duchy of Luxembourg	0.2467	17,477	1,747,700	199,740
Republic of Cyprus	0.1933	13,696	1,369,600	156,530
Malta	0.0892	6,323	632,300	72,260
Total	**100**	7,084,937	708,493,700	80,970,690[6]

€627.52 billion remains as authorised capital that can be called in from the ESM Members in proportion to their respective subscription to the authorised capital stock, as provided in the Contribution Key.

Paid-in capital is not used for lending activity and is invested according to the investment guidelines described below under "Investment and Dividend Policies".

Authorised capital stock may not be encumbered or pledged in any manner whatsoever and cannot be transferred, with the exception of transfers for purposes of implementing certain technical adjustments to the Contribution Key.

Capital Calls

Subscribed capital unpaid amounted to €627.52 billion as of 30 June 2025, which the ESM Members must pay if requested to do so in one of the three scenarios described below. The ESM Members have irrevocably and unconditionally undertaken in the ESM Treaty to pay any capital call, up to an amount equal to the difference between their capital subscription and the capital paid in by them at the time that a call is made under the ESM Treaty. The liability of each ESM Member is limited to its portion of the authorised capital stock at its issue price and no ESM Member is liable, by reason of its membership, for obligations of the ESM. There are three scenarios in which a capital call up to the amounts described above can be made:

- The Board of Governors may make a capital call at any time by a decision taken by mutual agreement.
- The Board of Directors may make a capital call by a simple majority decision in order to restore the level of paid-in capital if, due to the absorption of losses, the paid-in capital amount is reduced below €80.97 billion or below such other threshold set by the Board of Governors.

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[5] This amount includes remaining amounts to be paid in by Croatia as set out in the technical terms relating to Croatia's accession approved by the Board of Governors, which include the details of Croatia's contribution to the ESM's authorised capital stock and paid-in capital. Pursuant to Article 42 of the ESM Treaty, and as in the case of certain other ESM Members, Croatia benefits from a 12-year temporary correction period (following its adoption of the euro on 1 January 2023 and ending on 1 January 2035), during which its contribution to the ESM's authorised capital stock and paid-in capital was adjusted. For the first 12 years of its ESM membership, Croatia's authorised capital contribution is €3.695 billion, including €422.29 million in paid-in capital (corresponding to 4,222.9 paid-in shares), with such paid-in capital to be paid in five equal annual instalments of €84.46 million, in accordance with Article 41 of the ESM Treaty. The first instalment of €84.46 million was paid to the ESM on 30 March 2023, the second instalment of €84.46 million was paid to the ESM on 28 March 2024 and the third instalment of €84.46 million was paid on 28 March 2025. Croatia's contribution key is based on the ECB key applicable at the time of accession to the ESM in 2023. Its paid-in and callable shares come in addition to the existing stock of paid-in and callable capital provided by the other ESM Members, which is based on the 2009 ECB key and left temporarily unchanged. At the end of the temporary correction period on 1 January 2035, Croatia's authorised capital contribution is expected to increase to €5.7339 billion.

[6] As of 31 December 2024, 2023, and 2022, the ESM's paid in capital was €80.97 billion, €80.97 billion and €80.55 billion, respectively.

- The Managing Director shall make an emergency capital call in a timely manner to avoid default on any scheduled or other payment obligations due to the ESM's creditors. ESM Members have irrevocably undertaken in the ESM Treaty to pay on demand such a capital call and to make payment within 7 days of receipt of such a demand.

If any ESM Member fails to meet a capital call, the other ESM Members will be required to pay the ensuing shortfall through a revised increased capital call. Payment of such revised increased capital call will be on a pro-rata basis according to the Contribution Key. In such event, the Board of Governors will need to decide an appropriate course of action to ensure that the ESM Member that failed to meet the capital call settles its debt to the ESM within a reasonable period. The Board of Governors will also need to adopt rules for the return of the excess capital to the other ESM Members upon repayment by the ESM Member who originally failed to meet the capital call. In any event, no ESM Member is obligated to pay an amount in excess of its subscribed capital. The obligations of ESM Members to contribute to authorised capital stock in accordance with the ESM Treaty are not affected or reduced if any ESM Member becomes eligible for, or is receiving, financial assistance from the ESM.

The Board of Governors shall review the maximum lending volume and the adequacy of the capital stock of the ESM regularly and at least every five years. These items may be modified based on a decision of the Board of Governors acting by mutual agreement. Pursuant to the ESM Treaty and to a resolution of the Board of Governors of 8 October 2012, the maximum lending volume of the ESM is €500 billion. In 2022, the Board of Governors agreed for the ESM to carry out a comprehensive review of the maximum lending volume, the authorised capital stock and financial assistance instruments. The final report of this comprehensive review was presented to the Board of Governors at the Annual Meeting of 20 June 2024. The report concluded that the maximum lending volume and authorised capital stock remained adequate.

The ESM has adopted risk management policies (see "*Risk Management*") in order to limit the risk of capital calls. As part of the risk management policies, the Board of Directors specifies the risk appetite of the ESM and provides a risk governance structure that includes an independent risk management function and an internal risk committee.

The terms and conditions of capital calls for ESM adopted on 9 October 2012 further specify the procedures for general capital calls, capital calls to replenish paid-in capital and emergency capital calls.

Financial Assistance

Overview

Forms of Stability Support

The ESM may grant stability support in the form of:

(i) *loans to an ESM Member*: to assist ESM Members in significant need of financing, and which have lost access to the markets, either because they cannot find lenders or because lenders will provide financing only at excessive prices that would adversely impact the sustainability of public finances;

(ii) *financial assistance to an ESM Member for the recapitalisation of financial institutions of that ESM Member*: to assist an ESM Member by addressing those cases where the roots of a crisis situation are primarily located in the financial sector;

(iii) *precautionary financial assistance to an ESM Member in the form of a precautionary conditioned credit line or an enhanced conditions credit line*: to support sound policies and prevent crisis situations by allowing ESM Members to secure the possibility to access ESM assistance before they face major difficulties raising funds in the capital markets. Precautionary financial assistance aims at helping ESM Members whose economic conditions are still sound to maintain continuous access to market financing by reinforcing the credibility of their macroeconomic performance while ensuring an adequate safety net;

(iv) *a primary market support facility which includes the purchase of bonds of an ESM Member on the primary market*: to support an ESM Member's bond issuances, the ESM may buy debt securities at market prices in the primary market, in other words directly from the issuing ESM Member;

(v) *a secondary market support facility which includes operations on the secondary market in relation to the bonds of an ESM Member*: to support the sound functioning of the government debt market in exceptional circumstances when a lack of liquidity threatens the financial stability of an ESM Member, with a risk of pushing sovereign interest rates towards unsustainable levels and creating refinancing problems for the banking system of the ESM Member concerned. This instrument can be used within or outside a macroeconomic adjustment programme; or

(vi) *direct recapitalisation of financial institutions of an ESM Member*: to help remove a severe risk of contagion from the financial sector to the sovereign, through the direct recapitalisation by the ESM of eligible financial institutions.[7]

The Board of Governors may review this list of financial assistance instruments and decide to make changes to it by mutual agreement. The forms of financial assistance that the ESM may grant will be modified upon ratification of the Agreement Amending the ESM Treaty (see "*ESM Reforms*").

As of 30 June 2025, the ESM has granted the following financial assistance to ESM Members: (a) loan facilities (including components dedicated to recapitalisation of financial institutions) to Greece in the aggregate principal amount of up to €86.00 billion (with €61.93 billion disbursed and €59.57 billion in nominal loan obligations to ESM outstanding) and to Cyprus in the aggregate principal amount of up to €9.00 billion (with €6.30 billion disbursed and €6.30 billion in nominal loan obligations to ESM outstanding) and (b) a financial institution recapitalisation facility to Spain in the aggregate principal amount of up to €100.00 billion (with €41.33 billion disbursed and €11.86 billion in nominal loan obligations to ESM outstanding). As of 30 June 2025, the ESM has not provided any forms of financial assistance other than those described above (that is, as of 30 June 2025, the ESM has not provided precautionary financial assistance in the form of conditioned credit lines or enhanced conditions credit lines, primary market support facilities, secondary market support facilities or direct recapitalisation of financial institutions of ESM Members).

Stability support from the ESM to an ESM Member is subject to strict conditionality appropriate to the financial assistance instrument chosen. Usually, this conditionality ranges from a macro-economic adjustment programme to ongoing compliance with pre-established eligibility conditions.

Before any assistance may be granted by the ESM, an ESM Member is required to make a request for financial support to the Chairperson of the Board of Governors and indicate the financial assistance sought. The Chairperson of the Board of Governors then entrusts the European Commission, in liaison with the ECB, to assess (a) the existence of a risk to the financial stability of the euro area as a whole or of the Euro Area Member States, (b) whether the public debt of the assistance-seeking ESM Member is sustainable – wherever appropriate and possible, such an assessment is expected to be conducted together with the International Monetary Fund (the "**IMF**"), (c) the actual or potential financing needs of the ESM Member and (d) in the case of precautionary financial assistance, any additional pre-established conditions with respect to the economic and financial situation of the ESM Member in question. On the basis of the request and of such assessment, the Board of Governors may, acting by mutual agreement[8], decide to grant, in principle, stability support to the ESM Member concerned. Following such a decision, the Board of Governors entrusts the European Commission – in liaison with the ECB and, wherever possible, together with the IMF – with the task of negotiating with such ESM Member a Memorandum of Understanding, which details the conditionality attached to the financial assistance facility.

Cooperation between the ESM and the European Commission

On 27 April 2018, the ESM and the European Commission entered into a Memorandum of Understanding on the cooperation between the two parties in respect of, *inter alia,* the ESM Treaty and Regulation (EU) No. 472/2013 of the European Parliament and the Council. The Memorandum of Understanding did not change the rules and the legal framework under which the ESM and the European Commission operate but rather formalised the existing practices between the two institutions, which include, among others, working

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[7] This instrument will be terminated upon the common backstop entering into force.

[8] Pursuant to Article 4 of the ESM Treaty, the adoption of a decision by mutual agreement requires the unanimity of the members participating in the vote. Abstentions do not prevent the adoption of a decision by mutual agreement.

and operational arrangements under ESM financial assistance programmes and post-programme surveillance. The existing competences and responsibilities of both institutions, as enshrined in EU law and the ESM Treaty, remain intact.

The Memorandum of Understanding was also without prejudice to any future changes to the legal framework governing the European Commission and the ESM, respectively.

In November 2018, the ESM and the European Commission agreed on joint proposals for the future cooperation between the two institutions in light of a further development of the ESM and taking into account the need to ensure full compliance with EU law as well as the longer-term goal of incorporating the ESM into the EU framework. These proposals build on the Memorandum of Understanding and also include new areas of cooperation, including assessments of eligibility for precautionary conditioned credit lines (the "**PCCL**"), preparation of financial assistance and negotiation of conditionality. These proposals will be implemented following the entry into force of the proposed amendments to the ESM Treaty described under "*ESM Reforms*" below. They will be formalised with the signature of a memorandum of cooperation (the "**Memorandum of Cooperation**") between the two institutions.

ESM Reforms

Euro Summits 2018-2020

Euro Summits bring together the heads of state or government of the euro area countries, the Euro Summit President, and the President of the European Commission to provide strategic guidance on euro area economic policy. The December 2018 Euro Summit endorsed the terms of reference of the common backstop to the Single Resolution Fund (the "**SRF**"), agreed upon at the June 2018 Euro Summit, provided sufficient progress has been made in risk reduction. The SRF is a fund established by the EU. It is financed by annual contributions or levies, from all banks in the participating member states of the EU banking union and managed by the Single Resolution Board (the "**SRB**"). The SRF was established for resolving failing banks in the context of the banking union, allowing for the consistent application of EU banking rules in participating countries. The terms of reference of the backstop to the SRF provide that the ESM can act as a backstop should the SRF become depleted, via the SRB. The December 2018 Euro Summit also endorsed a term sheet on ESM reform, which formed the basis for proposed amendments to the ESM Treaty, as well as the Agreement Amending the ESM Treaty (referred to hereinafter as the "**Amending Agreement**", and the ESM Treaty, as will be amended by the Amending Agreement, is referred herein as the "**Amended Treaty**").

In December 2019, the Eurogroup agreed on the ESM reform set out in the Amended Treaty, and on 30 November 2020 the Eurogroup agreed to proceed with this reform.

2021 Agreement Amending the Treaty Establishing the ESM

On 27 January 2021 and on 8 February 2021, the ESM Members signed the Amending Agreement, which provides that the Amending Agreement shall enter into force when instruments of ratification, approval or acceptance have been deposited by all ESM Members. On 2 March 2023, the Republic of Croatia deposited instruments of accession to both the ESM Treaty and the Amending Agreement. As of the date of this Information Memorandum, instruments of ratification or accession have been deposited by all ESM Members with the exception of Italy. The Amended Treaty includes the following:

Establishment of the ESM Backstop to the SRB for the SRF

- The backstop will take the form of a revolving credit line under which loans may be provided by the ESM to the SRB for the SRF. In accordance with the Amended Treaty, such loans enjoy preferred creditor status in a similar fashion to other ESM loans. Parallel credit lines will be made available by EU Member States whose currency is not the euro and which have established a close cooperation with the ECB, therefore becoming participating member states in the banking union.

- Annex IV of the Amended Treaty includes criteria for the approval of loans and disbursements under the backstop facility. Recourse to the backstop should be of last resort, meaning that: (i) the financial means of the SRF available to be used in accordance with Article 76 of Regulation (EU) No 806/2014, as amended (the "**Single Resolution Mechanism Regulation**" or "**SRMR**") that are not already committed to resolution actions are depleted, including the situation where there are financial means available in the SRF, but those are insufficient for the resolution case at hand;

(ii) ex post contributions are not sufficient or not immediately available; and (iii) the SRB is not able to borrow on terms and conditions considered acceptable by the SRB in accordance with Articles 73 and 74 of the SRMR. The Amended Treaty also requires that the principle of fiscal neutrality over the medium term is respected, that the requested funds are available to the ESM, that the parties to the Intergovernmental Agreement of 21 May 2014 on the transfer and mutualisation of contributions to the SRF (the "**IGA**"), in the territories in which the resolution action takes place, have complied with their obligations to transfer contributions received from the institutions authorised in their territory to the SRF, that the dedicated resolution scheme is in full compliance with European Union law and has entered into force in accordance with European Union law, that the condition of permanence of the legal framework, as defined in Article 18a(9) of the Amended Treaty is complied with, and that there is no ongoing event of default on borrowings of the SRB from the ESM or from any other creditor, or the SRB has presented a remedy plan in respect of any such ongoing event of default which is satisfactory to the Board of Directors.

- The ESM is required to establish a warning system to ensure timely repayments under the backstop facility.

- The Board of Governors is entrusted with key decisions relating to the backstop, namely: (i) to grant a backstop facility, (ii) to change the criteria for the approval of loans and disbursements under the backstop facility, (iii) to determine the key financial terms and conditions of the backstop facility, the nominal cap and any adjustments to it, (iv) to determine the provisions on the procedure for the verification of compliance with the condition of permanence of the legal framework for bank resolution and on the consequences for the backstop facility and its use, and (v) to determine the conditions for termination and continuation of the backstop facility.

- The Board of Directors is responsible for, among other things, (i) approving the detailed financial terms and conditions of the backstop facility, (ii) adopting and regularly reviewing the detailed guidelines on the modalities for implementing the backstop facility, and (iii) guided by the criteria provided for in Annex IV to the Amended Treaty, approving loans and respective disbursements under the backstop facility. The Board of Directors may delegate the approval of loans and disbursements to the Managing Director for a specified period of time and amount and, if appropriate, under further conditions.

- As of the date of this Information Memorandum, the ESM may provide financial assistance to financial institutions either indirectly, via the indirect recapitalisation instrument, or directly, via the direct recapitalisation instrument. The direct recapitalisation instrument will be terminated at the time it is replaced by the common backstop – more specifically, when the backstop will be granted and become operational upon decision by mutual agreement by the Board of Governors to grant the backstop facility under the Amended Treaty.

Enhancement of the Effectiveness of ESM Credit Lines

- The Amended Treaty modifies access to the PCCL based on several eligibility criteria, namely that government debt must be sustainable, the requesting ESM Members' economic and financial situation must be fundamentally sound, and certain quantitative fiscal benchmarks and qualitative conditions related to EU surveillance must be met.

- Access to PCCL requires a Letter of Intent that includes the requesting ESM Member's commitment to continuous compliance with the eligibility criteria, highlights the requesting ESM Member's policy intentions and includes a request for financial assistance.

- If the eligibility criteria for the PCCL are not met, access to enhanced conditions credit lines remains available with an accompanying Memorandum of Understanding, provided that the relevant ESM Member's economic and financial situation remains fundamentally strong.

Improvement of the Existing Framework for the Promotion of Debt Sustainability via the Introduction of Single-Limb Collective Action Clauses (the "CACs") and the Use of Private-Sector Involvement as Appropriate

- At the date of this Information Memorandum, the terms and conditions of new bonds with maturity above one year issued on or after 1 January 2013 by ESM Members include a dual-limb collective action clause with respect to quorums and voting in respect of such bonds. This requires a majority vote at both the issuance of each individual series of bonds and at the level of all series of bonds combined.

- The Amended Treaty provides that single-limb CACs, which require a majority vote at the level of all series of bonds combined, will apply to all issuances of new bonds by ESM Members with maturity above one year on or after 1 January 2022. In November 2021, ESM Members agreed to implement the single-limb CACs on the first day of the second month following the entry into force of the Amending Agreement. This provides ESM Members sufficient time to make the necessary preparations to implement single-limb CACs in a harmonised and coordinated manner following the entry into force of the Amending Agreement.

- In exceptional cases, an adequate and proportionate form of private sector involvement, in accordance with IMF practice, will be considered in cases where stability support is provided accompanied by conditionality in the form of a macro-economic adjustment programme.

ESM Governance and Cooperation with the European Commission

- The Amended Treaty empowers the Managing Director to design, negotiate and monitor, together with the European Commission and the ECB, the economic policy conditionality attached to financial assistance. The modalities of collaboration with the European Commission will be laid down in a Memorandum of Cooperation.

- The Amended Treaty stipulates that ESM Members acknowledge the current dialogue between the Managing Director and the European Parliament.

The Power to Create an Additional Tranche of Authorised Capital

- The Amended Treaty grants the Board of Governors the power to create an additional tranche of authorised capital and establish the modalities for the transfer of EFSF supports.

Relationship with the EFSF

According to the ESM Treaty, the ESM has assumed the tasks fulfilled in the past by the EFSF, which as described above was initially set up to address the European sovereign debt crisis in 2010 and has granted stability support to Ireland, Portugal and Greece. EFSF continues to service its existing financial assistance facility agreements but is not entitled to enter into any new financial assistance facility agreements. The EFSF will be liquidated when there is no longer financial assistance outstanding to a Euro Area Member State and all EFSF-issued debt instruments and any reimbursement amounts due to the EFSF have been repaid in full. The EFSF and ESM are separate legal entities even though EFSF operations are also carried out by ESM staff, using ESM infrastructure. For services provided to EFSF by ESM during the year ending 31 December 2024, the ESM charged the EFSF €33.2 million, which is reflected in the "other operating income" line item in ESM's profit and loss account. The EFSF has ceased to provide new financial assistance facilities from 1 July 2013 but continued to make disbursements on facilities established before that date. EFSF made its final disbursement under an existing facility on 14 August 2014. As of 30 June 2025, the outstanding nominal amount of loans from EFSF was €169.8 billion. Under the existing ESM Treaty, the ESM may, if authorised by its Board of Governors, acquire the rights and assume the obligations of the EFSF; the Amending Agreement introduces the option of creating an additional tranche of authorised capital to that end.

Forms of Financial Assistance Provided by the ESM

1. Loans to ESM Members

As of 30 June 2025, the ESM had disbursed €68.2 billion in financial assistance in the form of loans to Greece and Cyprus. As of 30 June 2025, the outstanding nominal amount of loans from ESM to Greece and Cyprus was €65.9 billion. The ESM's objective through this form of financial assistance is to support ESM Members that have significant financing needs but have to a large extent lost access to market financing, whether because they cannot find lenders or because lenders are only willing to provide financing at excessive prices that would adversely impact the sustainability of the ESM Member's public finances. Any

financial assistance to a country in need is linked to policy conditions that are set out in a macro-economic adjustment programme detailed in the Memorandum of Understanding between the country in need and the European Commission on behalf of the ESM. The precise financial terms and conditions of each loan are specified in a financial assistance facility agreement.

The European Commission, in liaison with the ECB, and wherever possible, the IMF, are entrusted with monitoring compliance with the policy conditionality attached to the loan. The Board of Directors decides, acting by mutual agreement, on a proposal from the Managing Director, and after having received a monitoring report from the European Commission, the disbursement of the tranches of the loan subsequent to the first tranche. The beneficiary ESM Member is also required to provide to these institutions all the information that is deemed necessary for the monitoring of the policy conditionality of the programme as agreed in the Memorandum of Understanding. The beneficiary ESM Member will also provide the ESM all information necessary to conduct its financial due diligence. If the beneficiary ESM Member deviates significantly from the agreed programme detailed in the relevant Memorandum of Understanding, disbursements may be withheld.

2. Financial assistance for the recapitalisation of financial institutions

As of 30 June 2025, the other form of financial assistance that has been provided by the ESM is financial assistance to an ESM Member for the recapitalisation of financial institutions of that ESM Member, with up to €100 billion having been made available to Spain through this form of financial assistance, of which €41.3 billion in financial assistance was disbursed to Spain prior to the expiry in December 2013 of the availability period under the agreement originally entered into between the EFSF and Spain in July 2012, as transferred to the ESM in November 2012. As of 30 June 2025, the outstanding nominal amount of loans from the ESM to Spain was €11.9 billion.

In order to receive such financial assistance, the beneficiary ESM Member should demonstrate the existence of a lack of alternatives for recapitalising the financial institutions concerned. This should first reveal an inability to meet capital shortfalls via private sector solutions (e.g. tapping new market investors or existing shareholders) and, second, an inability of the beneficiary ESM Member to recapitalise the institution(s) without incurring very adverse effects on its own financial stability and fiscal sustainability.

In addition, under the ESM guidelines, the financial institutions concerned should be of systemic relevance or pose a serious threat to the financial stability of the euro area as a whole or to ESM Members. Their systemic dimension will be assessed taking into account, primarily, their size, interconnectedness, complexity and substitutability. Finally, the beneficiary ESM Member should also demonstrate its ability to reimburse the loan granted, even in cases in which it would not be able to recover the capital injected in the beneficiary institution(s) according to the timing agreed in relevant state-aid decisions. The beneficiary shall also demonstrate the existence of a sound fiscal and macroeconomic policy record.

Unlike stability support within a macro-economic adjustment programme in the context of a loan by ESM for an ESM Member, the conditionality for financial assistance for financial institutions focuses only on the financial sector of the country in question and applies to financial supervision, corporate governance and domestic law relating to restructuring or resolution. The policy conditions are specified in a Memorandum of Understanding negotiated by the European Commission on behalf of the ESM in liaison with the ECB and the relevant European supervisory authority. The European Commission monitors compliance with EU state aid rules and policy conditions in conjunction with the ECB and relevant supervisory authorities. The forms of financial assistance that the ESM may grant will be modified upon ratification of the Agreement Amending the ESM Treaty (see "*ESM Reforms*").

Financial Assistance to Spain, Greece and Cyprus

As of 30 June 2025, the ESM has granted financial assistance to Spain, Greece and Cyprus, as described below.

1. Financial assistance to Greece

On 19 August 2015, a loan agreement between ESM and Greece (the Financial Assistance Facility Agreement) was approved by the Board of Governors. Under the agreement, the ESM was committed to providing Greece with up to €86.0 billion in financial assistance over three years. The Greek government committed to use these funds for debt service, banking sector recapitalisation (up to €25 billion), arrears

clearance, and budget financing. In addition, in order to return its economy to a growth trajectory and make its debt burden sustainable, the Greek government committed to a series of economic reforms. On 5 December 2016, the finance ministers of the euro area (commonly known as the 'Eurogroup') endorsed a series of short-term measures aimed at reducing interest-rate risk for Greece. These measures, the impacts of which are passed on to Greece, and which were approved by the Board of Governors on 20 January 2017 and by the Board of Directors on 23 January 2017, consist of, among others: (i) a floating to fixed rate bond exchange and (ii) ESM entering into hedging arrangements in relation to its cost of funding. The ESM created a portfolio containing the proceeds of all the operations required to fund the short-term measures, known as the 'Greek Compartment', which in turn isolates the costs and passes them on directly to Greece, so that other beneficiary countries do not bear any extra cost.

The ESM financial assistance programme for Greece ended on 20 August 2018, although the financial assistance agreements will continue to be in force until no loan obligations to the ESM are outstanding. As of 30 June 2025, ESM has disbursed €61.9 billion in financial assistance to Greece (of which €5.4 billion was in the form of cashless disbursements for bank recapitalisation). As of 30 June 2025, Greece had €59.6 billion in nominal loan obligations to ESM outstanding with a weighted average maturity (as from the date of disbursement) of 32.3 years.

2. Financial Assistance to Cyprus

The euro area countries agreed to a package of financial assistance of up to €10.0 billion for Cyprus in 2013, with the ESM providing up to €9.0 billion and the IMF approximately €1.0 billion.

The ESM initially made disbursements totalling €6.3 billion to Cyprus from May 2013 to October 2015. In order to receive the loans, Cyprus implemented a number of key reforms, including:

- restoring the soundness of the Cypriot banking sector by thoroughly restructuring and downsizing financial institutions;
- cutting the excessive government deficit, in particular by reducing current primary expenditure and increasing the efficiency of public spending; and
- implementing structural reforms to support competitiveness and sustainable and balanced growth.

Due to a better-than-expected economic recovery, private investor participation in bank recapitalisation and a return to market financing, the full amount of financial assistance was not required and the ESM financial assistance programme for Cyprus ended on 31 March 2016.

As of 30 June 2025, the ESM had disbursed €6.3 billion under the programme (of which €1.5 billion was in the form of cashless disbursements for bank recapitalisation) and the IMF had disbursed €1.0 billion (all of which has been repaid). As of 30 June 2025, Cyprus had €6.3 billion in nominal loan obligations to the ESM outstanding with a weighted average maturity (as from the date of disbursement) of 14.9 years.

3. Spanish Bank Recapitalisation

In July 2012 the Eurogroup approved financial assistance for Spain of up to €100.0 billion. It was designed to cover a capital shortfall identified in a number of Spanish banks, with an additional safety margin. However, the Spanish government did not request the full amount. The ESM disbursed €39.5 billion in December 2012 and a further €1.9 billion in February 2013 (all of which was in the form of cashless disbursements). The loans were provided to Spain, which lent them further to the Fondo de Reestructuración Ordenada Bancaria, the bank recapitalisation fund of the Spanish government, which then channelled them to the financial institutions concerned.

The ESM financial assistance for Spain was accompanied by policy conditionality focused on the banking sector. The conditionality consisted of bank-specific measures, including in-depth bank restructuring plans in line with EU state aid rules. Reforms concerning the governance, supervision and regulation of the financial sector were also implemented.

On 31 December 2013, the ESM financial assistance programme for Spain expired.

As of 30 June 2025, the ESM had disbursed €41.3 billion under the programme (all of which was in the form of cashless disbursements for bank recapitalisation). As of 30 June 2025, Spain had €11.9 billion in loan obligations to the ESM outstanding.

Borrowing

Borrowing Strategy

The ESM is empowered to borrow on the capital markets in accordance with the ESM Treaty. Borrowing may be made via syndications, auctions, private placements, Unilateral Issuance and credit lines.

The ESM generally funds its lending operations through both short- and long-term funding operations, with maturities of up to 45 years. Short-term funding operations include a regular bill programme and money market transactions (e.g., issuances of commercial paper, money market promissory notes, repo transactions), while long-term funding activities include benchmark and other bonds. Both short- and long-term funding operations are subject to various restrictions on maximum amounts and maturities.

In order to effectively perform its purpose of providing stability support to euro area countries and to establish itself as a reliable issuer in a difficult market environment, the ESM pursues the following objectives with respect to funding: (i) the ESM should be able to react quickly to unexpected market developments by, among other things, building up liquidity buffers to ensure market access even in difficult market conditions; (ii) the ESM should be capable of raising predictable amounts over an extended period of time covering various disbursement schedules, as well as unexpected amounts on relatively short notice; and (iii) the ESM should engage in efficient funding in order to offer financing at reasonable conditions to beneficiary ESM Members, with a priority given to, first, mitigation of liquidity risk and, second, an appropriate balance between costs and interest rate risk.

The ESM has a diversified funding strategy, which entails the use of a variety of instruments and maturities to ensure the efficiency of funding and continuous market access. One feature of the diversified funding strategy is that funds raised through various instruments under this strategy are generally not attributed to a particular country. The funds are pooled and then disbursed to ESM Members that have open financial assistance programmes with the ESM. Issuances under the diversified funding strategy are subject to a threshold for short-term borrowing (*i.e.*, borrowing with a tenor of less than three years), and a threshold for long-term borrowing (*i.e.*, with a tenor of three or more years), both approved by the Board of Directors.

The ESM may also borrow outside of the diversified funding strategy, subject to a "funding silo" being specifically approved by the Board of Directors. Funding silos, the proceeds of which are dedicated to specific programmes/countries, are subject to specific amount and maturity limits defined by the Board of Directors, as well as to the overall borrowing and maturity limits set out by the Board of Directors, which also affect borrowing under the diversified funding strategy. From time to time, the Board of Directors defines an overall borrowing limit for the ESM, which applies to the aggregate ESM borrowing (*i.e.*, the sum of all borrowing under the diversified funding strategy and the funding silos). This limit remains in force until a new one is approved.

The ESM issues capital market and money market instruments. The ESM may hold its own bonds so that additional funding can be raised by selling the bonds on the secondary market or so that they can be used as collateral in the secured money market. The ESM may also hold its own bonds either temporarily as a step in the implementation of a lending or a lending-related transaction, or through a Unilateral Issuance, prior to their disbursement to a beneficiary Member State. As a supplement to the bond programme, the ESM may issue promissory/registered notes. The ESM issues bills through regular auctions and may also engage in money market transactions. Transactions may be conducted overnight, on a rolling basis or for tenors up to one year. The ESM may also issue commercial paper, money market promissory notes and engage in repo transactions. In addition, the ESM has established uncommitted liquidity lines with the debt management offices of ESM Members and a network of uncommitted credit lines with private banks.

The following table sets out the historical ESM Lending/Funding Programme for the three years ended 31 December 2022 through 2024:

ESM Lending/Funding Programme (in € billion)	2024	2023	2022
Lending disbursements	-	-	-
Lending repayments	4.6	3.7	3.7
Debt issuances (nominal)	33.8	31.9	38.3
Debt redemptions (nominal)	38.9	41.7	54.0
Nominal outstanding debt (as of 31 December)	87.6	91.8	101.6

The ESM's EUR bonds outstanding as of 31 December 2024 have generally been liquid in the secondary market.

ESM bonds have been included and recognised as Level 1 High Quality Liquid Assets at the international level (Basel) and EU level (the Capital Requirements Directive), as well as being eligible collateral in other jurisdictions (UK) and on certain clearing platforms (Euroclear, Eurex and LCH). Additionally, exposures to the ESM are awarded a 0% risk weight at both international (Basel) and EU level, as well as in third-country jurisdictions such as Canada, Israel, and Switzerland.

Long-term funding

The ESM launched funding in the long-term markets in October 2013 with an inaugural five-year bond. The ESM's long-term funding target for 2025 is €7 billion. These targeted volumes are subject to change due to several factors, including new lending programmes or other lending-related measures, or unscheduled repayments of previously granted financial assistance. The ESM successfully achieved its 2024 target through the issuance and taps of bonds in different maturities. The ESM launched three bond issuances in 2024 totalling €6 billion. As of 30 June 2025, the ESM had launched two bond issuances in 2025, totalling €4 billion. As of 30 June 2025, ESM had €78.7 billion in bonds outstanding, with a weighted average maturity of 7.06 years.

Short-term funding

The first ESM debt auction to investors for short-term bills was held on 8 January 2013. Currently the ESM conducts regular debt auctions for short-term bills and notes with three-month and six-month maturities. In 2022, the ESM ceased conducting debt auctions for short-term bills with twelve-month maturities. In 2023, the ESM's short-term funding programme raised €24.5 billion in bills. In 2024, the ESM's short-term funding programme raised €28.1 billion. Until 30 June 2025, the ESM had raised in short-term funding (bills and euro-commercial paper notes) €13.3 billion in 2025. As of 30 June 2025, ESM had €9.8 billion outstanding in short-term funding (bills).

Macroeconomic Conditions in the Euro Area

2024

Rising geopolitical tensions cast a shadow over the world economy in 2024, ranging from the third year of the war in Ukraine and conflicts in the Middle East to tense US–China relations. Nonetheless, global gross domestic product ("**GDP**") growth slowed only marginally to 3.3% in 2024 from 3.5% in 2023. Meanwhile, weaker growth in emerging economies, particularly in China, was offset by resilience in the US and a modest pick-up in growth in the euro area. Central banks started to ease monetary policy in 2024, as inflation tapered off across the major economies.

Economic activity in the euro area staged a moderate rebound in 2024, with GDP growing at an annual rate of nearly 0.9%, about twice the pace of the previous year despite ending the year on weak footing. Despite some headwinds, the labour market remained resilient overall in 2024, with labour productivity still subdued but improving slightly. While underpinned by an increase in households' purchasing power on the back of above-average nominal wage growth and softer inflation, consumer spending still lagged expectations due, in part, to higher general uncertainty. Investment activity continued to be sluggish, reflecting the impact of higher uncertainty, muted confidence, and past monetary policy tightening. Foreign demand supported the euro area's economic activity thanks to growing exports of services despite global adversities.

The financial sector demonstrated strong resilience, supported by strong capital and liquidity buffers and resilient profitability, though asset quality began deteriorating in certain countries and sectors, particularly those highly concentrated in commercial real estate. Even as banks fully repaid TLTRO III funds and navigated tighter funding conditions, market volatility remained contained and no systemic stress emerged.

Inflation in the euro area moderately declined throughout 2024, with lower energy inflation, falling into negative territory for several months, exerting the strongest impact on the downward trend in headline inflation. Financial markets showed resilience in 2024 after a more volatile end of 2023.

The European fiscal framework introduced a set of rules (the "**New Fiscal Rules**") that will facilitate the implementation of essential reforms and investment, while enabling a gradual and sustainable decrease in public debt levels. Although this should help the credibility of the New Fiscal Rules and facilitate their ownership by the European Union (EU) Member States, enforcement will be key.

2025

In the first quarter of 2025, GDP growth accelerated while headline and core inflation continued to moderate. Following the US tariff announcements in April, investor and consumer confidence fell to their lowest levels in over one year. Looking ahead, growth is expected to remain modest in 2025 as the effects from real income growth, the impact from monetary policy easing cycle, and the implementation of the EU Recovery and Resilience Facility funds face global headwinds. Inflation is expected to continue its gradual decline towards the ECB's 2% target, supported by contained energy prices and a gradual moderation in core inflation. Heightened global uncertainty amid ongoing geopolitical conflicts and the threat of escalating global trade tensions cloud the outlook.

The Eurozone faces various challenges and uncertainty which include: (i) higher trade policy uncertainty weighing on trade and investment; (ii) trade war lowering trade by constraining export demand; (iii) interest rate spillovers as fiscal policy in the US drives long-term rates up; (iv) weakening of the US dollar weighing on exports in the short term; (v) global geopolitical tensions (including war in Ukraine and the conflict in the Middle East, as well as tense US-China relations) causing a negative impact on the Eurozone's economy through supply-side disruptions, higher commodity prices and stronger trade fragmentation; and (vi) weaker-than-anticipated global demand. Policy and economic uncertainty in France could rise significantly in the second half of the year. Ongoing fiscal challenges (i.e., 2026 budget) and failed pension reform talks may prompt opposition parties to support a no-confidence vote, potentially triggering new elections.

Financial vulnerabilities remain somewhat elevated in 2025, reflecting the lagged effects of past monetary tightening and the uneven transmission of credit easing across sectors. More imminent risks relate to the vulnerabilities of public finances and the potential for asset price corrections, which could lead to an adverse feedback loop between financial markets and the real economy. At the same time, cyber and operational risks have increased, prompting enhanced supervisory attention and risks mitigation efforts. On the other hand, the overall favourable financial sector conditions and, in particular, the comfortable capital and liquidity buffers of euro area banks, should help maintain orderly financing conditions to the real economy.

(Sources: ECB, EBA, EC, ESM)

Financial Review

Financial Year 2024

The ESM's profits for the financial year depend primarily on interest receivable and similar income received by the ESM net of interest payable and similar charges, plus net profit on financial operations and extraordinary income. In 2024, the ESM's interest receivable and similar income amounted to €6.5 billion, compared to €5.9 billion in 2023, an increase of €594.5 million, primarily as a result of an increase in income on debt securities including fixed-income securities and on loans and advances to credit institutions compared to 2023 as a result of higher return from Paid-in capital investments. In 2024, the ESM's interest payable and similar charges amounted to €4.2 billion, compared to €4.3 billion in 2023, a decrease of €131.5 million, primarily as a result of lower loss from the termination of interest rate swaps. In 2024, interest receivable and similar income on cash and cash equivalents amounted to €346.7 million (2023: €736.7 million) and interest payable and similar charges on cash and cash equivalents amounted to nil (2023: nil),

which represented the interest paid and received, respectively, by the ESM on cash balances held with central banks.

In 2024, net loss on financial operations equalled €440.8 million, compared to €1.2 billion in 2023, representing a decrease of €746.3 million, primarily as lower yield investments purchased in previous years were predominantly sold during 2023.

In 2024, the ESM's profits amounted to €1.8 billion, compared to €320.5 million in 2023, an increase of €1.5 billion, primarily as a result of the factors described above.

Financial Year 2023

In 2023, the ESM's interest receivable and similar income amounted to €5.9 billion, compared to €3.6 billion in 2022, an increase of €2.3 billion, primarily as a result of €1.2 billion in higher income on debt securities including fixed-income securities, which was partially offset by losses on sales of securities of €1.2 billion. In 2023, the ESM's interest payable and similar charges amounted to €4.3 billion, compared to €2.3 billion in 2022, an increase of €2 billion, primarily as a result of interest payments on interest rate swaps entered into as part of short-term debt relief measures for Greece (such swaps represented €75 billion notional amount of off-balance sheet commitments as of 31 December 2023 compared to €88.3 billion as of 31 December 2022) and termination of the interest rate swaps used for interest rate risk hedging. As stipulated by the ESM's pricing policy, the ESM's cost of funding is passed on to the beneficiary Member States including the net result from interest rate swaps executed to reduce Greece's interest rate risk which is also passed through to Greece. In 2023, interest receivable and similar income on cash and cash equivalents amounted to €736.7 million (2022: €150.4 million) and interest payable and similar charges on cash and cash equivalents amounted to nil (2022: €184.8 million), which represented the interest paid and received, respectively, by the ESM on cash balances held with central banks.

In 2023, net loss on financial operations equalled €1.2 billion, compared to €1.3 billion in 2022, representing a decrease of €100 million.

In 2023, the ESM's profit before extraordinary income, which corresponds to the net income generated by the ESM's operations, increased by €396 million from a loss of €75 million in 2022 to a profit of €321 million in 2023, primarily as a result of the factors described above.

In 2023, extraordinary income amounted to nil (2022: €15.2 million). No compensation for negative interest charged on the cash held at central banks was received as a result of the return of the positive interest rate environment in the course of 2022.

In 2023, the ESM's profits amounted to €320.5 million, compared to losses of €60.2 million in 2022, an increase of €380.7 million.

Following the approval of the Board of Governors in 2020 to establish a special fund for a new ESM building, in 2022 the Board of Governors approved the allocation of €106.0 million from the ESM's 2021 profit to the other reserves, established pursuant to Article 24 of the ESM Treaty. In July 2022, the ESM signed a framework agreement for the construction of the new building with the Grand Dutchy of Luxembourg, setting forth the conditions and terms under which the project will be executed and the signatories' duties and obligations. This agreement was superseded by a new framework agreement entered in June 2024.

Investment and Dividend Policies

The net income generated by operations of the ESM and certain other proceeds from ESM Members are put aside in a reserve fund. This reserve fund and the paid-in capital (the "**Investment Portfolios**") are invested in accordance with investment guidelines adopted by the Board of Directors. The main objectives of the Investment Portfolios are to ensure that the maximum lending volume is readily available, and to maintain the creditworthiness of the ESM. Specifically, the ESM investment guidelines outline that all transactions related to the investment of the paid-in capital and reserve fund shall be conducted in a prudent manner in order to ensure the ESM's creditworthiness as well as to limit any effect on market prices, even in situations of market stress. Additionally, derivatives may only be used for risk management purposes and the currency risk arising from investments denominated in non-euro currency is required to be hedged against the euro. Assets eligible for the Investment Portfolios are debt securities and money market instruments meeting certain credit and issuer requirements.

Both the Investment Portfolios and the liquidity buffer are invested with a priority on creditworthiness and liquidity. In 2024, developed markets central banks adjusted monetary policy to reflect weaker inflationary pressures. In Europe, the ECB lowered its main policy rate by 100 basis points which pushed short-term yields lower and yield curves steeper. The ESM's mark-to-market portfolios, invested mainly in short-term securities, benefited from these moves and recorded the second highest annual return of 3.36%. The ESM may occasionally hold discussions with ESM Member States (through the Board of Directors) about possible adjustments to the Investment Guidelines to enhance the management of the paid-in capital.

On 27 February 2020, the ESM signed the Principles for Responsible Investment ("**PRI**"). The PRI is a global network for investors committed to integrating environmental, social, and governance considerations into their investment practices. As a PRI signatory, the ESM will include ESG criteria within its investment analysis and processes. This is without prejudice to the ESM's continuing commitment to abide by the objectives, principles and rules of its investment guidelines and risk framework. Since signing the PRI, the ESM has focused on implementing an issuer-based ESG scoring approach for its paid-in capital investments. ESM has selected a third-party to act as its ESG data provider.

The Board of Directors may decide, by simple majority, to distribute a dividend to the ESM Members where the amount of paid-in capital and the reserve fund exceed the level required for the ESM to maintain its lending capacity and where proceeds from the investment are not required to avoid a payment shortfall to creditors. As of 30 June 2025, the ESM has never distributed any dividends to ESM Members.

Risk Management

The ESM has established the High Level Risk Policy ("**Risk Policy**") that, together with other internal policies on specific risks and activities, define the ESM's risk management framework. The Risk Policy defines the financial and non-financial risks arising from ESM activities as well as the principles and high-level governance arrangements for the management of those risks, including the process of risk identification, assessment, management, and monitoring. The Risk Policy also sets out the guiding principles for the ESM's risk appetite and limit framework.

The ESM's approach to risk management is to:

- adopt a prudent approach to risk-taking to limit potential losses, ensure continuity in fulfilling the ESM's mandate and meeting its commitments, and avoid unexpected capital calls;
- maintain minimum capital requirements to ensure the highest creditworthiness; and
- preserve the ESM's funding and, hence, lending, capacity.

The ESM is subject to a number of financial and non-financial risks, as further described in note 3 to ESM's annual audited financial statements for the year ending 31 December 2024. These risks are a function of the ESM's mandate and operational activities. The major financial risks that the ESM faces are:

- ***Credit risk***: the risk of loss arising from the inability of a counterparty to fulfil its contractual obligations. The ESM is exposed to credit risk from: stability support activities (see "*Financial Assistance Credit Risk*" below), investments of the ESM's paid-in capital and reserve fund in highly rated securities, and counterparty risk related to its investment, funding, and risk hedging operations. The ESM actively manages credit risk within stated risk appetite by implementing rules, procedures and limits in respect of eligible issuers, counterparties and issues of high credit standing. Credit exposure to derivative and repo/reverse repo counterparties is managed through enforceable agreements, including daily exchange of collateral and legal rights to terminate the trades. Furthermore, ESM has begun integrating climate risk considerations into its credit risk management framework, with climate risk materiality assessments and scenario analysis.

- ***Financial Assistance Credit Risk***: an inherent, non-discretionary risk for the ESM, arising from its mandate, is the potential for loss arising from a beneficiary Member State and the SRB upon the implementation of the backstop (see "*ESM Reforms*") failing to meet its obligations as they fall due or as a result of significant deterioration in their credit worthiness. The ESM passes on the benefits of favourable interest rates to beneficiary Member States through low interest rates on loans. An increase in global interest rates and/or political uncertainty could place credit stresses on beneficiary Member States and increase loan repayment risk. To mitigate the risks related to an increase in global interest rates, the ESM employs a diversified funding strategy to optimise its

access to low funding costs. It seeks to ease the repayment burden for its programme countries by passing on its low funding costs and by setting loan repayments out further than other international institutions. The ESM also implements an early warning system to facilitate receipt of payments due in a timely manner.

- ***Market risk***: the risk of loss arising from changes in the values of financial assets and liabilities (including off-balance sheet items) due to market fluctuations. The ESM faces two main types of market risk: interest rate risk and currency risk.

- ***Interest rate risk***: the risk of loss arising from adverse movements in interest rates. The main sources of interest rate risk include asset or liability re-pricing following market movements, yield curve shifts, and changes in interest rate credit spread.

    - ***Interest rate risk on lending and funding***: risk of a mismatch between the interest rate on loans granted to beneficiary Member States and funding raised through bills and bond issuances. The exposure to interest rate risk arises from differences in pricing and maturity characteristics of the different asset, liability, and hedging instruments. This risk is generally not borne by the ESM as funding costs are passed onto beneficiary Member States.

    - ***Interest rate risk on investments***: the risk of loss due to an adverse change in the overall level of interest rates affecting the value of the investment portfolio. Interest rate risk on investments is monitored and controlled on a daily basis through risk indicators and stress tests. Duration bands, cumulated and partial sensitivities, 1 day Value at Risk with a 99% level of confidence are part of the daily measures that frame the interest rate risk potential exposure. To complement these measures, a series of stress tests with flattening, steepening and parallel shifts of all or a selected number of interest rate curves is daily processed as part of the risk report.

    - ***Risk of investment losses***: High interest rates result in investments incurring mark-to-market losses and losses on realised sales of securities. In 2024, developed countries witnessed a shift in central bank monetary policy, as inflation pressures eased, with the ECB reducing the main policy rate by 100 basis points in the euro area to 3% which lowered short-term yields and steepened the yield curve. In this market context, the ESM's marked-to-market portfolios, largely invested in short-term securities, recorded a return of 3.36%. This was due to the portfolios benefitting from high yield carry as well as strategic investment adjustments leading to ESM's portfolio outperforming their strategic benchmark by 20 basis points in 2024. Over the medium- to long-term, higher interest rates tend to increase investment returns and are expected to strengthen the ESM's capital position. To mitigate risks of investment losses, ESM continues to apply prudent investment and risk management policies. Following the 2019 revision of ESM's investment guidelines, the ESM created a hold-to-maturity tranche of the Investment Portfolio. This portfolio aims to support the ESM's long-term financial strength, by investing in longer maturities historically associated with higher yields, on average. The ESM intends to hold these assets until maturity. According to the applicable accounting rules, the ESM measures the assets on an amortised cost basis, which also provides a regular stream of interest over time. The objective is to build up this tranche over a few years, in order to spread the credit and market risk. The investments could still be sold prior to maturity in exceptional circumstances such as loss of eligibility, exceptional need for liquidity, or based on risk management assessment.

- ***Currency risk***: the risk of loss arising from fluctuations in exchange rates, which arises whenever there is a currency mismatch between assets and liabilities. ESM has minimal net currency exposure. In 2024, the potential sources of currency risk are paid-in capital investments in non-euro denominated assets and funding activities in foreign currencies. These exposures are hedged back to euro.

- ***Liquidity risk***: the ESM faces two main types of liquidity risk: funding liquidity risk and market liquidity risk. Funding liquidity risk relates to the potential inability to secure, or excessive costs in securing, necessary funding on a timely basis. This risk is mitigated by undertaking a diversified funding strategy. Potential liquidity shortfalls for the ESM are monitored closely and these can

ultimately be avoided by tapping into emergency liquidity arrangements, the ESM reserve fund, the ESM paid-in capital or the ESM callable capital, in this order. Market liquidity risk is defined as the potential for loss arising from an investment position that cannot easily be liquidated without significantly and negatively influencing its market price. In the context of the ESM's investment activities, market liquidity risk is minimised by investing in high credit quality liquid assets and ensuring that the ESM does not hold a significant proportion of the total outstanding amount of a security issuance.

The main non-financial risks the ESM faces are:

- ***Operational risk including fraud risk***: the risk of loss and/or damage, such as the inability of the ESM to fulfil its mandate, resulting from inadequate or failed internal processes, people, and systems, or from external events. The ESM's operational risk management policy stipulates no tolerance for material operational risks. An important element of operational risk is the management of fraud risk. It also has established a robust internal control framework and risk guidelines.

- ***Information and systems security***: the risk of loss and/or damage resulting from the loss of confidentiality, integrity and availability of ESM information or information systems including through the cyber medium. Geopolitical tensions (e.g., caused by the war in Ukraine) and the evolution of technology have increased the frequency and severity of large-scale cyberattacks, with public institutions amongst those targeted. The ESM pursues advanced cybersecurity measures, as the confidentiality, availability and integrity of data and systems is core to the successful execution of the ESM's mandate. It has established information security and information technology (IT) security policies, and conducts regular penetration testing of ESM's systems, phishing exercises and mandatory staff training.

- ***Reputational***: the risk of loss and/or damage resulting from a deterioration in the ESM's reputation, reducing its market access, inability to attract staff, and other similar consequences. The ESM manages this risk by undertaking its mandate with the highest professional standards and by having centralised coordination of external communication.

- ***Legal risk***: the risk of loss and/or damage resulting from inadequate or inefficient documentation, litigation against the ESM or its assets, non-compliance with the ESM Treaty, or any other applicable laws and contractual obligations. Legal risk is managed by obtaining review and advice from internal and external legal counsel.

- ***Compliance risk***: the risk of loss and/or damage associated with the non-compliance with internal policies, procedures and guidelines as well as any external policies, regulations and directives which might be applicable to the ESM. Compliance risk is managed by the adoption of appropriate internal procedures and/or using other mitigation techniques. The ESM Code of Conduct defines the fundamental ethical principles to which ESM staff must adhere, such as the requirements regarding staff's integrity, handling conflicts of interest, and information protection. The ESM has also established an information barriers policy.

Governance

Overview

The ESM is governed and managed by a three-tiered governance structure consisting of the Board of Governors, the Board of Directors, and a Managing Director (assisted and advised by a Management Board). The voting right of each ESM Member, as exercised by its appointees to the Board of Governors and Board of Directors, is equal to the number of shares allocated to such ESM Member under the ESM Treaty (see "*Capital Structure*").

Board of Governors

The Board of Governors is the supreme governing body of the ESM. The Board of Governors is composed of the Ministers of each of the 20 ESM Members who has responsibility for finance. Each ESM member appoints a Governor and an alternate Governor who may act on behalf of their Governor when the latter is not present. The Board of Governors shall decide either to be chaired by the President of the Eurogroup, or

to elect a chairperson and a vice-chairperson from among its members for a term of two years. The European Commissioner in charge of economic and monetary affairs, the President of the ECB and the President of the Eurogroup (if not the Chairperson or a member of the Board of Governors) may participate in its meetings as observers. A list of current members of the Board of Governors may be found on the ESM website at https://www.esm.europa.eu/about-us/governance#boardofgovernors.

Under the ESM Treaty, the Board of Governors must vote on various matters by mutual agreement, including, but not limited to: (i) providing stability support to an ESM Member; (ii) issuing new shares on terms other than at par; (iii) making capital calls of authorised unpaid capital within the authority granted to the Board of Governors by the ESM Treaty; (iv) changing the authorised capital stock and adapting the maximum lending volume of the ESM; (v) updating the Contribution Key; (vi) changing the list of financial assistance instruments; and (vii) approving the application of new members.

A qualified majority (*i.e.*, 80% of the votes cast, with voting rights equal to the number of shares allocated to each ESM Member) is sufficient for other actions, including, but not limited to (i) setting out the By-Laws of the ESM; (ii) appointing or ending the term of office of the Managing Director; (iii) approving the annual accounts of the ESM; (iv) deciding on a dispute arising among an ESM Member and the ESM or between ESM Members concerning the interpretation and application of the ESM Treaty; and (v) setting out the detailed technical terms of accession of a new member to the ESM.

The responsibilities of the Board of Governors will be modified upon ratification of the Amending Agreement (see "*ESM Reforms*").

Board of Directors

The Board of Directors is responsible for various tasks allocated to it through the ESM Treaty or delegated to it by the Board of Governors. The Board of Directors takes decisions by qualified majority unless specifically stated otherwise in the ESM Treaty.

The Board of Directors comprises 20 Directors, appointed by their respective Governors. The Governors also appoint 20 alternate Directors who may act on behalf of their Director when the latter is not present. The European Commissioner in charge of economic and monetary affairs and the President of the ECB may appoint one observer each. Other persons, including representatives of institutions or organisations, such as the IMF, may be invited by the Board of Governors to attend meetings as observers on an ad hoc basis.

The responsibilities of the Board of Directors will be modified upon ratification of the Amending Agreement (see "*ESM Reforms*").

Managing Director

The Managing Director is the legal representative of the ESM. The Board of Governors appoints the Managing Director from among candidates with the nationality of an ESM Member, relevant international experience and a high level of competence in economic and financial matters. The current Managing Director is Pierre Gramegna, who was appointed on 25 November 2022 for a term of office of five years as from 1 December 2022.

The Managing Director has a term of office of five years and may be re-appointed once. He/she may not be concurrently a member or an alternate member of either the Board of Governors or the Board of Directors. The Board of Governors may decide, by qualified majority, to end the term of office of the Managing Director.

The Managing Director shall conduct, under the direction of the Board of Directors, the current business of the ESM. He/she also chairs the meetings of the Board of Directors and participates in the meetings of the Board of Governors. The Managing Director also organises, appoints, and dismisses ESM staff in accordance with Staff Rules adopted by the Board of Directors. The Managing Director is assisted by a Management Board composed of members of the ESM staff as the Managing Director shall designate from time to time.

The responsibilities of the Managing Director will be modified upon ratification of the Amending Agreement (see "*ESM Reforms*").

Board of Auditors

The Board of Auditors is an independent oversight body of the ESM. It inspects the ESM's accounts and verifies that the operational accounts and balance sheet are in order. It also draws up independent audit reports. In accordance with the ESM By-Laws, it has full access to any document of the ESM needed for the implementation of its tasks. The Board of Auditors may inform the Board of Directors at any time of its findings. It shall submit an annual report to the Board of Governors. The Board of Governors shall make the annual report accessible to the national parliaments and supreme audit institutions of the ESM Members, the European Court of Auditors, and the European Parliament.

The Board of Auditors is composed of five members. The Board of Governors appoints the members of the Board of Auditors upon proposal of the Chairperson of the Board of Governors (two members), nomination by the European Court of Auditors (one member), and nomination by the supreme audit institutions of the ESM Members according to a rotation scheme (two members). The members of the Board of Auditors are independent. They are prohibited from seeking or taking instructions from the ESM's governing bodies, the ESM Members or any other public or private body.

Additionally, the Board of Governors appoints independent external auditors from among audit firms of good international repute, approved and subject to public oversight in line with the ESM Treaty and the By-Laws. The independent external auditors audit the accounts of the ESM in accordance with generally accepted auditing standards at least once every year.

Legal Status, Privileges, and Immunities

The ESM is established as an international financial institution by the ESM Treaty. The ESM has full legal personality and full legal capacity to (a) acquire and dispose of movable and immovable property, (b) contract, (c) be a party to legal proceedings, and (d) enter into a headquarter agreement and/or protocols as necessary for ensuring that its legal status and its privileges and immunities are recognised and enforced. Additionally, the ESM is specifically empowered to borrow on the capital markets from banks, financial institutions or other persons or institutions for the performance of its purpose.

To enable the ESM to fulfil its purpose, the ESM Treaty also grants the ESM privileges and immunities to be accorded in the territory of each ESM Member. For instance, it provides that the ESM's property, funding and assets enjoy immunity from every form of judicial process except to the extent that the ESM expressly waives its immunity; the property, funding and assets of the ESM shall be immune from search, requisition, confiscation, expropriation or any form of seizure, taking or foreclosure; the archives and the premises of the ESM shall be inviolable; certain persons shall be immune from legal proceedings; and within the scope of its official activities, the ESM, its assets, income, property and its operations shall be exempt from all direct taxes.

Preferred Creditor Status

Recital (13) to the ESM Treaty explains that the Heads of State or Government have stated that loans by the ESM to ESM Members will enjoy preferred creditor status (the "**PCS**") in a similar fashion to those of the IMF, while accepting the PCS of the IMF over the ESM. This PCS does not apply to the financial assistance provided to Spain by the ESM because the Spanish financial assistance was initially granted by the EFSF and then transferred to the ESM from the EFSF. The EFSF does not enjoy PCS and the agreement with Spain provided that the Spanish loan would continue to preserve the seniority of the EFSF (rather than benefit from the ESM PCS).

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[***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.*]

The Issuer is exempt from [Directive 2014/65/EU on markets in financial instruments (MiFID II)]/[MiFID II] and does not constitute a manufacturer or a distributor under the product governance rules set out in EU Delegated Directive 2017/593, as amended. The Issuer is therefore not subject to the responsibilities conferred on manufacturers or distributors therein.

Final Terms dated [•]

EUROPEAN STABILITY MECHANISM

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*] (the "**Notes**")

under the **Debt Issuance Programme**

LEI: 222100W4EEAQ77386N50

[The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act.][***Option for Reg S Notes only***]

[The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) and Notes that are in bearer form for U.S. federal income tax purposes are not being offered to U.S. Holders. The Notes may be offered and sold (i) within the United States to qualified institutional buyers ("**QIBs**"), as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance on the exemption from registration provided by Rule 144A (the "**Rule 144A Notes**") and (ii) to non-U.S. persons in offshore transactions in reliance on Regulation S (the "**Regulation S Notes**"). Prospective purchasers are hereby notified that sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.] [***Option for Reg S/144A Notes***]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Information Memorandum dated [18 August 2025]/[●] [and the supplement[s] to the Information Memorandum dated [•], which together constitutes an Information Memorandum] (the "**Information Memorandum**"). *[In the case of tap issuances, the Information Memorandum to be referred to should be the one containing the Conditions referred to in the first tranche of Notes of the existing Series]* This document constitutes the Final Terms of the Notes described herein. These Final Terms contain the final terms of the Notes and must be read in conjunction with [the/such] Information Memorandum [dated 18 August 2025] [as so amended or supplemented] [and the Conditions].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

1.	Issuer:	European Stability Mechanism
2.	Series Number:	[•]
3.	Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)	[•]
4.	Specified Currency or Currencies:	[•] [Notes may be denominated in euro or in any other currency or currencies, provided that, for any Series of Notes which is denominated in a currency other than euro, such issuance is approved by the Board of Directors.]
5.	Aggregate Nominal Amount:	[•]
	(i) Series:	[•]
	(ii) Tranche:	[•]
6.	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)] [In the case of Notes issued pursuant to the auction process the weighted average of all accepted bids should be included as the issue price]
7.	(i) Specified Denominations:	[€0.01] /[•]
	(ii) Calculation Amount:	[As per the Conditions]/[●]
8.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
9.	Maturity Date:	*[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]* *[The maximum authorised maturity for Notes will be set at the lowest of (i) forty-five years and (ii) the maximum maturity of any financial assistance by the Issuer, from the date of issue of the relevant Notes]*
10.	Interest Basis:	[• per cent. Fixed Rate]

	[[*Specify* Reference Rate] +/– [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (*Specify*)] (further particulars specified below)
11. Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Partly Paid] [Instalment] [Other (*Specify*)]
12. Change of Interest or Redemption/Payment Basis:	*[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]* [Other (*Specify*)] [(further particulars specified below)]
13. Call Option	[Issuer Call] [(further particulars specified below)]
14. (i) Status of the Notes:	Senior
(ii) Date of Board of Directors approval for issuance of Notes obtained:	[•], respectively *(N.B. Only relevant where Board of Directors (or similar) authorisation is required for the particular tranche of Notes)*
15. Method of distribution:	[*Syndicated/Non-syndicated/Auction/Private Placement/Not Applicable*]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
(ii) Interest Payment Date(s):	[•] in each year [adjusted in accordance with *[specify Business Day Convention]*/not adjusted]
(iii) Day Count Fraction:	[30/360 / Actual/Actual (ICMA/ISDA) / other]
(iv) [Regular Dates:	[•] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]

(v)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
(vi)	Unmatured Coupons void:	Condition 9(f) (*Unmatured Coupons void*) is [Applicable/Not Applicable]
17.	**Floating Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Interest Period(s):	[•]
(ii)	Specified Period:	[•] *(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
(iii)	Specified Interest Payment Dates:	[•] *(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
(iv)	[First Interest Payment Date]:	[•]
(v)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/: other (*give details*)]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	[As per the Conditions]/[•]
(viii)	Screen Rate Determination:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	• Reference Rate:	[•] *[For example, EURIBOR, SOFR, €STR, SOFR Compounded Index]*
	• Observation Method:	[Lag / Observation Shift]
	• Lag Period:	[5/[•] TARGET Business Days/Not Applicable]
	• Observation Shift Period:	[5/[•] TARGET Business Days/Not Applicable] (*NB: A minimum of 5 TARGET Business Days should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent*)

•	D:	[360/365/[•]] / [Not Applicable]
•	SOFR Compound Index:	[Applicable/Not Applicable] With Numerator being [360/[•]]
•	Relevant Decimal Place:	[•] (*unless otherwise specified in the Final Terms, be the seventh decimal place*)
•	Relevant Number of Index Days:	[•] (*unless otherwise specified in the Final Terms, Relevant Number shall be two*)
•	Interest Determination Date(s):	[•]
•	Relevant Screen Page:	[•] [*For example, EURIBOR 01*]
•	Relevant Time:	[•] [*For example, 11.00 a.m. London time/Brussels time*]
(ix)	ISDA Determination:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	ISDA Definitions:	[2006 ISDA Definitions / 2021 ISDA Definitions]
	Floating Rate Option:	[•]
	Designated Maturity:	[•] (*Designated Maturity will not be relevant where the Floating Rate Option is a risk free rate*)
	Reset Date:	[•]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in (v) above and as specified in the ISDA Definitions]
	Compounding:	[Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
	Compounding Method:	[Compounding with Lookback Lookback: [•] Applicable Business Days] [Compounding with Observation Period Shift Observation Period Shift: [•] Observation Period Shift Business Days Observation Period Shift Additional Business Days: [•] / [Not Applicable]] [Compounding with Lockout Lockout: [•] Lockout Period Business Days Lockout Period Business Days: [•]/[Applicable Business Days]]
	Averaging	[Applicable/Not Applicable]] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)

	[Averaging Method:	[Averaging with Lookback Lookback: [•] Applicable Business Days] [Averaging with Observation Period Shift Observation Period Shift: [•] Observation Period Shift Business days Observation Period Shift Additional Business Days: [•]/[Not Applicable]] [Averaging with Lockout Lookout: [•] Lockout Period Business Days Lockout Period Business Days: [•]/[Applicable Business Days]]
	Index Provisions:	[Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
	Index Method:	Compounded Index Method with Observation Period Shift Observation Period Shift: [•] Observation Period Shift Business days Observation Period Shift Additional Business Days: [•] / [Not Applicable]
(x)	Margin(s):	[+/-][•] per cent. per annum
(xi)	Minimum Rate of Interest:	[•] per cent. per annum
(xii)	Maximum Rate of Interest:	[•] per cent. per annum
(xiii)	Day Count Fraction:	[•]
(xiv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
18.	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Accrual Yield:	[•] per cent. per annum
(ii)	Reference Price:	[•]
(iii)	Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction*]
19.	**Index-Linked Interest Note/other variable-linked interest Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i)	Index/Formula/other variable:	[*give or annex details*]
(ii)	Calculation Agent responsible for calculating the interest due:	[As per the Conditions]/[•]
(iii)	Provisions for determining coupon where calculated by reference to Index and/or Formula and/or other variable:	[•]
(iv)	Interest Determination Date(s):	[•]
(v)	Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
(vi)	Interest or calculation period(s):	[•]
(vii)	Specified Period:	[•] *(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
(viii)	Specified Interest Payment Dates:	[•] *(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
(ix)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
(x)	Minimum Rate/Amount of Interest:	[•] per cent. per annum
(xi)	Maximum Rate/Amount of Interest:	[•] per cent. per annum
(xii)	Day Count Fraction:	[•]

PROVISIONS RELATING TO REDEMPTION

20.	**Call Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) or New ESM Notes to be delivered:	[Specify details, including, if New ESM Notes to be delivered, the characteristics of such Notes and of their delivery.]
21.	**Final Redemption Amount of each Note**	[•] per Specified Denomination

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

(i)	Index/Formula/variable:	[*give or annex details*]
(ii)	Calculation Agent responsible for calculating the Final Redemption Amount:	[As per the Conditions]/[•]
(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[•]
(iv)	Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable:	[•]
(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
(vi)	[Payment Date]:	[•]
(vii)	Minimum Final Redemption Amount:	[•] per Specified Denomination
(viii)	Maximum Final Redemption Amount:	[•] per Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. **Form of Notes:**

[Reg S:

[Bearer Notes:

Global Note exchangeable for Definitive Notes:

Global Note deposited with the Clearing System and exchangeable for Definitive Notes in the limited circumstances described in the Global Note

[Temporary Global Note exchangeable for Permanent Global Note]

Temporary Global Note exchangeable for Definitive Notes]

[Permanent Global Note exchangeable for Definitive Notes]]

[Registered Notes:

[Global Note Certificate exchangeable for Individual Note Certificate]]]

[Reg S/144A:

Registered Notes:

	[Unrestricted Global Note Certificate exchangeable for Unrestricted Individual Note Certificates [Unrestricted Global Note Certificate deposited with the Clearing System and exchangeable for Unrestricted Individual Note Certificates in the limited circumstances described in the relevant Global Note Certificate] **[Restricted Global Note Certificate exchangeable for Restricted Individual Note Certificates]** [Restricted Global Note Certificate deposited with the Clearing System and exchangeable for Restricted Individual Note Certificates in the limited circumstances described in the relevant Global Note Certificate]
23. Talons for future coupons or Receipts to be attached to Definitive Notes (and dates on which such talons mature):	[Yes/No. *If yes, give details*]
24. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	[Not Applicable/*give details*]
25. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
26. Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition [•] apply]
27. [Consolidation provisions:	Not Applicable/The provisions [in Condition [•] [annexed to this Final Terms] apply]
28. Issuing and Paying Agency Agreement	[•]
29. [Business Day:]	[•]
30. Other final terms:	[Not Applicable/*give details*]

DISTRIBUTION

31. (i) If syndicated, names and addresses of Managers and underwriting commitments:	[Not Applicable/*give names, addresses and underwriting commitments*] *(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
(ii) Date of Subscription Agreement:	[[•]/Not Applicable]
(iii) Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
32. If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]

33. Total commission and concession:	[[•] per cent. of the Aggregate Nominal Amount/Not Applicable]
34. Net proceeds	[[•]/Not Applicable]
35. Use of proceeds:	[The net proceeds of the issuance of this Series of Notes will be used for the general operations of the Issuer]
36. U.S. Selling Restrictions:	[Reg. S, Category 2]/[Rule 144A]
	[TEFRA C]/[TEFRA D]/[TEFRA Not Applicable]
37. ERISA Eligible	[Yes] [No]
38. Additional selling restrictions:	[Not Applicable/*give details*]
GOVERNING LAW	
39. Governing law:	[Luxembourg law]/[English law]/[*other*]

Signed on behalf of the European Stability Mechanism:

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING**

(i)	Listing	Luxembourg/Other (*specify*)/ [None]
(ii)	Admission to trading	[Application is/has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant market*] with effect from [•].] [Not Applicable.] *(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

2. **RATINGS**

Ratings:	[The Notes to be issued have been rated/The Programme has been rated]: [•] *[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]* *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)* [Each of the above credit ratings will be treated for the purposes of Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended (the "**EU CRA Regulation**") as having been issued by [•], [•], [•] and [•] respectively. Each of [•], [•], [•] and [•] is established in the European Union and is registered under the EU CRA Regulation. As such, each of [•], [•], [•] and [•] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the EU CRA Regulation. [The ratings of each of [•], [•], [•] and [•] are endorsed by [•], [•], [•] and [•] respectively, each of which is established in the UK and registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]

3. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
CUSIP:	[•]
Clearing System, including the relevant identification number(s):	[Euroclear Bank SA/NV]/ [Clearstream Banking, S.A.]/[Clearstream Banking AG Frankfurt]/[The Depository Trust Company]/[*Other/give name(s) and number(s)*]

Intended for New Global Note Form	[Applicable/Not Applicable]
Intended for New Safekeeping Structure (NSS)	[Applicable/Not Applicable]
Delivery:	Delivery [against/free of] payment
Names and addresses of the Issuing and Paying Agent:	[•]
Names and addresses of additional paying agent(s) (if any):	[•]
Names and addresses of the Luxembourg Listing Agent:	[•]
Names and addresses of the Calculation Agent (if any):	[As per the Conditions]/[•]
Intended to be held in a manner which would allow Eurosystem eligibility:	[*Insert the following if Notes to be cleared through Clearstream, Frankfurt*] [Yes Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with a Clearing System and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*Insert one of the following options if Notes to be cleared through ICSDs*] [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper),][*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper),][*include this text for registered notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

4. **[BENCHMARKS [include where Notes are linked to or reference a benchmark]]**

Benchmarks:	Amounts payable under the Notes will be calculated by reference to [•] which is provided by [•]. As at [•], [•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011), as amended (the "**Benchmarks Regulation**"). [As far as the Issuer is aware the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [•] is not currently required to obtain recognition, endorsement or equivalence).]]/[Not Applicable].]

5. [**TERMS AND CONDITIONS OF THE OFFER**

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

FORMS OF THE NOTES

Arrangements are in place for Notes to be deposited with Clearstream, Frankfurt, Clearstream, Luxembourg, Euroclear and/or DTC.

1. Notes deposited with Clearstream, Frankfurt

The following is only applicable for Notes deposited with Clearstream Banking AG, Frankfurt ("**Clearstream, Frankfurt**").

(a) Form of Notes

Each Tranche of Notes will be sold solely in reliance on Regulation S and will be represented by a Global Note deposited with Clearstream, Frankfurt (a "**Global Bearer Note**"). The relevant Final Terms for such Notes which have a maturity of more than 365 days will specify that U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**") are applicable in relation to the Notes.

All interests in the Global Bearer Notes will be subject to the operations and procedures of Clearstream, Frankfurt. The Notes will be transferable, subject to the limitations and procedures described below, by appropriate entries in securities accounts in accordance with applicable rules of Clearstream, Frankfurt. The Notes will not be eligible for clearance through the facilities of The Depository Trust Company.

(b) Global Bearer Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Global Bearer Note exchangeable for Definitive Notes", the Notes will initially be in the form of a Global Bearer Note which will be exchangeable in whole, but not in part, for Definitive Notes only if Clearstream, Frankfurt or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever the Global Bearer Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Global Bearer Note to the bearer of the Global Bearer Note against the surrender of the Global Bearer Note to or to the order of Clearstream, Frankfurt within 30 days of the bearer requesting such exchange.

Such exchange will be effected in accordance with the provisions of the Issuing and Paying Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Issuing and Paying Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In relation to any Tranche of Notes represented by a Global Bearer Note which is held by Clearstream, Frankfurt, references in the Terms and Conditions of the Notes to "Holder" are references to the holders of co-ownership interests (*Miteigentum nach Bruchteilen*) in the Notes represented by the Global Bearer Notes.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Frankfurt will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

For a further description of restrictions on the transfer of Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

2. **Notes deposited with Clearstream, Luxembourg or Euroclear**

The following is only applicable for Notes to be deposited with Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**").

(a) Form of Notes

(i) Bearer Notes

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Temporary Global Note and Permanent Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether the TEFRA C Rules or U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

(ii) Registered Notes

Each Tranche of registered notes ("**Registered Notes**") will be represented by either:

(a) individual Note Certificates in registered form ("**Individual Note Certificates**"); or

(b) one or more unrestricted global note certificates ("**Unrestricted Global Note Certificate(s)**") in the case of Registered Notes sold outside the United States in reliance on Regulation S and/or one or more restricted global note certificates ("**Restricted Global Note Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A,

in each case as specified in the relevant Final Terms, and references in this Information Memorandum to "**Global Note Certificates**" shall be construed as a reference to Unrestricted Global Note Certificates and/or Restricted Global Note Certificates.

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

(b) Global Bearer Note exchangeable for Definitive Notes Global Note Certificate exchangeable for Individual Note Certificates

(i) Global Bearer Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Global Bearer Note exchangeable for Definitive Notes", the Notes will initially be in the form of a Global Bearer Note which will be exchangeable in whole, but not in part, for Definitive Notes only if Euroclear and/or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever the Global Bearer Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Global Bearer Note to the bearer of the Global Bearer Note against the surrender of the Global Bearer Note to or to the order of Euroclear and/or Clearstream, Luxembourg within 30 days of the bearer requesting such exchange.

(ii) Global Note Certificate exchangeable for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates in the following circumstances (each an "**Exchange Event**"):

(a) if Euroclear and/or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

(b) if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note Certificate or DTC ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC.

3. **Notes deposited with DTC**

The following is only applicable for Notes to be deposited with The Depository Trust Company ("**DTC**").

(a) Form of Notes

Each Tranche of Registered Notes will be represented by one or more restricted global note certificates ("**Restricted Global Note Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A and/or one or more unrestricted global note certificates ("**Unrestricted Global Note Certificate(s)**") in the case of Registered Notes sold outside the United States in reliance on Regulation S, in each case as specified in the relevant Final Terms, and references in this Information Memorandum to "Global Note Certificates" shall be construed as a reference to Restricted Global Note Certificates and/or Unrestricted Global Note Certificates.

Each Note represented by a Global Note Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the relevant Final Terms) as nominee for DTC and the relevant Global Note Certificate will be deposited on or about the issue date with the custodian for DTC (the "**DTC Custodian**"). Beneficial interests in Notes represented by a Restricted Global Note Certificate may only be held through DTC at any time.

(b) Global Note Certificate exchangeable for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates on an Exchange Event.

4. **Certifications in Connection with Exchange or Transfer of Restricted Global Notes/Global Note Certificates**

The following is applicable for Notes deposited with any of Clearstream, Luxembourg, Euroclear, Clearstream, Frankfurt or DTC.

Whenever a Restricted Global Note/Global Note Certificate is to be exchanged for Individual Note Certificates in registered form ("**Restricted Individual Note Certificates**"), each person having an interest in the Restricted Global Note/Global Note Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note/Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Restricted Individual Note Certificates issued in exchange for interests in the Restricted Global Note/Global Note Certificate will bear the legends and be subject to the transfer restrictions set out under "*Transfer Restrictions*".

A beneficial interest in a Restricted Global Note/Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note/Global Note Certificate only upon receipt by the Transfer Agent of a written certification (in the form obtainable from the Transfer Agent) from the transferor to the effect that such transfer is being made in compliance with the restrictions and representations described in this section and in accordance with Rule 904 of Regulation S under the Securities Act.

A beneficial interest in an Unrestricted Global Note/Global Note Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through a Restricted Global Note/Global Note Certificate only upon receipt by the Transfer Agent of a written certification (in the form obtainable from the Transfer Agent) from the transferor to the effect that the transferor (i) reasonably believes that the transferee is a QIB purchasing for its own account (or for the account of one or more QIBs over which account it exercises sole investment discretion), (ii) transfers such note in a transaction meeting the requirements of Rule 144A and any applicable securities laws of any state of the United States and (iii) has notified the transferee of the restrictions on transfer and the representation described in this section.

A beneficial interest in a Restricted Global Note/Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Note /Global Note Certificate without a written certification from the transferor or the transferee.

A beneficial interest in a Restricted Global Note/Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in a Unrestricted Global Note/Global Note Certificate only upon receipt by the Transfer Agent of a written certification (in the form obtainable from the Transfer Agent) from the transferor to the effect that such transfer is being made in compliance with the restrictions and representations described in this section and in accordance with Rule 904 of Regulation S under the Securities Act.

Persons in the United States and U.S. persons (as defined in Regulation S) may acquire or hold Notes only as Restricted Notes. Any person in the United States or U.S. person wishing to take delivery of Restricted Notes (the "**Transferee**") shall, subject to the rules and procedures of the relevant clearing system, provide to the Transfer Agent a certificate (in the form available from the Transfer Agent) (the "**QIB Certificate**") stating among other things that the Transferee is a QIB.

5. **Summary of Conditions applicable to Global Notes and Global Note Certificates**

The following is applicable for Notes deposited with any of Clearstream, Luxembourg, Euroclear, Clearstream, Frankfurt or DTC. Each Global Bearer Note, Temporary Global Note, Permanent Global Note

and Global Note Certificate (together, the "**Global Notes**" and each a "**Global Note**") will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note or coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note, as applicable, to or to the order of the relevant Clearing System and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the payment is entered pro rata in the records of the relevant Clearing System or any other relevant clearing system.

Calculation of interest: the calculation of any interest amount in respect of any Note which is represented by a Global Note will be calculated on the aggregate outstanding nominal amount of the Notes represented by such Global Note and not by reference to the Calculation Amount.

Relationship of accountholders with Clearing Systems: Each of the persons shown in the records of the Clearing Systems as the holder of a Note in global form must look solely to such Clearing System for its share of each payment made by the Issuer in respect of such Note, and in relation to all other rights arising under such Note, subject to and in accordance with the rules and procedures of the Clearing Systems. Such persons shall have no claim against the Issuer in respect of payments due on the Notes for so long as the Notes are in global form. The Issuer's obligations will be discharged by payment to the holder of the Global Note.

Payment Business Day: in the case of a Global Note, the Payment Business Day shall be, if the currency of payment is euro, any day which is a TARGET Business Day and a day on which dealings in foreign currencies may be carried on in each (if any) additional financial centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) additional financial centre.

Payment Record Date: each payment in respect of a Global Note Certificate will be made to the person shown as the Holder in the books and records of the relevant clearing system at the close of business on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Notices: Notwithstanding Condition 17 (*Notices*), while all the Notes are represented by a Global Note and the Global Note is deposited with a Clearing System, notices to Holders may be given by delivery of the relevant notice to the Clearing System and, in any case, such notices shall be deemed to have been given to the Holders in accordance with Condition 17 (*Notices*) on the date of delivery to the relevant Clearing System, except that, for so long as such Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

Deed of Covenant: Bearer Notes in global form which are governed by English law will have the benefit of a deed of covenant as described in the Terms and Conditions applicable to the Notes, entered into by the Issuer. Registered Notes which are governed by English law are constituted by the deed of covenant. Under the deed of covenant, persons shown in the records of the relevant Clearing System as being entitled to an interest in a Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note became void, they had been the holders of definitive notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of the relevant Clearing System.

Legend: Each Global Note shall contain the following legend: "THIS NOTE IS NOT AN OBLIGATION OF ANY ESM MEMBER".

Transfers

Transfers of interests in Global Notes within a Clearing System will be in accordance with their respective rules and operating procedures. None of the Issuer, the Dealers or the Agents will have any responsibility

or liability for any aspect of the records of any Clearing System or any of their respective participants relating to payments made on account of ownership interests in a Global Note or for maintaining, supervising or reviewing any of the records of any Clearing System or the records of their respective participants relating to such ownership interests.

BOOK-ENTRY CLEARING AND SETTLEMENT

The Issuer has obtained the information in this section from third party sources including the Clearing Systems. Such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Issuer takes no responsibility for the accuracy of this information. Neither the Issuer nor the Agent will have any responsibility for the performance by the Clearing Systems or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC

DTC is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "**banking organisation**" within the meaning of the New York Banking Law, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct DTC Participants**") deposit with DTC. DTC also facilitates the settlement among Direct DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct DTC Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly ("**Indirect DTC Participants**" and, together with Direct DTC Participants, "**DTC Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Notes among Direct DTC Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of redemption amounts and interest amounts on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct DTC Participants and Indirect DTC Participants with which beneficial owners of DTC Notes ("**Beneficial Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct DTC Participants or Indirect DTC Participants will not possess Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct DTC Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct DTC Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct DTC Participant's and Indirect DTC Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct DTC Participant or Indirect DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by DTC Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct DTC Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct DTC Participants, by Direct DTC Participants to Indirect DTC Participants and by Direct DTC Participants and Indirect DTC Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption amounts and interest amounts on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct DTC Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption amounts and interest amounts to DTC is the responsibility of the Issuer, disbursement of such payments to Direct DTC Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct DTC Participants and Indirect DTC Participants. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its DTC Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct DTC Participant to transfer the DTC Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct DTC Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Notes are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Notes will be printed and delivered to DTC.

Subject to the transfer restrictions set forth herein and under "*Transfer Restrictions*", transfers of any interests in DTC Notes may be made only through DTC between Direct DTC Participants and will be effected in accordance with DTC's procedures, which procedures may change from time to time. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a DTC Note to such persons will be limited to that extent. Because DTC can act only on behalf of Direct DTC Participants, which in turn act on behalf of Indirect DTC Participants, the ability of a person having beneficial interests in a DTC Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Subject to the transfer restrictions set forth herein and under "*Transfer Restrictions*", cross-market transfers of interests in DTC notes between Direct DTC Participants, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected within DTC in accordance with DTC rules through Direct DTC Participants that are acting as depositaries for Euroclear or Clearstream; however, these cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in the system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant DTC Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear

participants and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Clearstream, Frankfurt

Clearstream Banking AG, located in Frankfurt/Main and part of Deutsche Börse Group, is established and incorporated in Germany as a stock corporation. Clearstream Banking AG is a licensed central securities depository in accordance with the provisions of the Securities Deposit Act (*Depotgesetz*) and is supervised by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"*). Clearstream Banking AG holds securities for its customers and facilitates the settlement of securities transactions by book entry transfers between their accounts. Clearstream Banking AG provides various services, including safekeeping, administration and settlement of internationally traded securities and securities lending and borrowing. Indirect access to Clearstream Banking AG is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream Banking AG.

Settlement of Pre-issue Trades

It is expected that, with the exception of Unilateral Issuance, delivery of Notes will be made against payment therefor on the relevant Issue Date, which will be more than two business days following the date of pricing. Under Rule 15c6-l under the Exchange Act trades in the U.S. secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact the Notes initially will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary.

Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes between the relevant date of pricing and the relevant Issue Date should consult their own advisers.

TAXATION

U.S. Federal Income Taxation

The following is a general discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below) that purchased Notes at their initial issuance at their issue price (determined as set forth below) and hold such Notes as capital assets (generally property held for investment). This discussion does not address all of the U.S. federal income tax considerations that may be relevant to U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special rules under U.S. federal income tax laws, such as banks, insurance companies, retirement plans, regulated investment companies, real estate investment trusts, dealers in securities, brokers, tax-exempt entities, certain former citizens or residents of the United States, U.S. Holders that hold the Notes as part of a "straddle", "hedging", "conversion" or other integrated transaction, U.S. Holders that mark their securities to market for U.S. federal income tax purposes, U.S. Holders that have a functional currency that is not the U.S. dollar or U.S. Holders that are required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement. In addition, this discussion does not address the effect of any state, local or non-U.S. tax considerations or any U.S. estate, gift or alternative minimum tax considerations or the Medicare tax on net investment income.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), the U.S. Treasury Regulations promulgated thereunder and administrative and judicial pronouncements; all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or subject to differing interpretation. This discussion does not address the U.S. federal income tax considerations relating to the purchase, ownership or disposition of (i) Bearer Notes; (ii) credit linked Notes; (iii) index linked interest Notes; (iv) Notes with a maturity later than 30 years from the date of issuance; (v) Notes that do not unconditionally require payments at least equal in the aggregate to their issue price (as determined below); (vi) Notes that are treated as "contingent payment debt instruments" (under applicable U.S. Treasury Regulations); or (vii) certain variable rate debt instruments (as described under applicable U.S. Treasury Regulations). A general discussion of any materially different U.S. federal income tax considerations relating to any such Series of Notes described in the immediately preceding sentence may be included in the relevant Final Terms or other supplemental disclosure if such Series of Notes are offered to U.S. Holders. No rulings have been requested from the U.S. Internal Revenue Service (the "**IRS**"), and there can be no guarantee that the IRS would not challenge, possibly successfully, the treatment described below.

For purposes of this discussion, the term "**U.S. Holder**" means a beneficial owner of a Note that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes invests in a Note, the U.S. federal income tax considerations relating to such investment generally will depend in part upon the status and activities of such entity or arrangement and their partners. Any such entity or arrangement should consult its own tax advisers regarding the U.S. federal income tax considerations applicable to it and its partners relating to the purchase, ownership and disposition of such Note.

The determination of whether a particular Series of Notes should be classified as indebtedness or equity for U.S. federal income tax purposes depends on the terms of the Notes of such Series. The Issuer generally intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the relevant Final Terms. Certain Notes, however, such as certain index linked Notes or Notes with extremely long maturities, may be treated as equity for U.S. federal income tax purposes. The tax treatment of Notes to which a treatment other than as debt may apply may be discussed in the relevant Final Terms. The Issuer's treatment will be binding on all U.S. Holders, except a U.S. Holder that discloses its differing treatment on its U.S. federal income tax return. However, the Issuer's treatment is not binding on the IRS, and it is possible that the IRS could attempt to treat a particular Series of Notes as equity for U.S. federal income tax purposes. If a particular Series of Notes were so treated as equity, the U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes of such

Series could differ from those described below with respect to timing and character. The remainder of this discussion assumes that all of the Notes will be treated as indebtedness for U.S. federal income tax purposes.

PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE U.S. FEDERAL INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.

Interest and Original Issue Discount

Each U.S. Holder of a Note must include in income payments of "qualified stated interest" (as described below) in respect of such Note in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes as ordinary interest income. In general, if the issue price (the "**issue price**") of a Note, determined by the first price at which a substantial amount of the Notes of a particular issue is sold to investors (ignoring sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers), excluding pre-issuance accrued interest (as discussed below under "*—Pre-Issuance Accrued Interest*"), is less than the "stated redemption price at maturity" (as described below) of such Note by an amount that is equal to or more than a de minimis amount, a U.S. Holder will be considered to have purchased such Note with original issue discount ("**OID**"). In general, the *de minimis* amount is equal to one quarter (¼) of one percent of the stated redemption price at maturity of a Note multiplied by the number of complete years to maturity (or, in the case of a Note providing for the payment of any amount other than qualified stated interest (as defined below) prior to maturity, multiplied by the weighted average maturity of the Note). If a U.S. Holder acquires a Note with OID, then regardless of such U.S. Holder's method of accounting for U.S. federal income tax purposes, such U.S. Holder will be required to accrue its pro rata share of OID on such Note on a constant-yield basis and include such accruals in gross income, whether or not such U.S. Holder will have received any cash payment on the Note. Any amount not treated as OID because it is *de minimis* generally must be included in income (generally as gain from the sale of Notes) as principal payments are received in the proportion that each such payment bears to the original principal amount of the Note. Special rules apply to Notes with a fixed maturity of one year or less. See below under "*— Short-Term Notes*".

"**Stated redemption price at maturity**" generally means the sum of all payments to be made on a Note other than payments of "qualified stated interest". "**Qualified stated interest**" generally means stated interest that is unconditionally payable at least annually at a single fixed rate, or in the case of a variable rate debt instrument (as defined below), at a single qualified floating rate or single objective rate (as such terms are defined below). If a Note is a variable rate debt instrument but interest is payable at a rate other than a single qualified floating rate or a single objective rate, the special rules that apply will be described in the relevant Final Terms.

In the case of a Note that is a variable rate debt instrument, the amount of qualified stated interest and the amount of OID, if any, that accrues during an accrual period is generally determined by assuming that the variable rate is a fixed rate equal to: (i) in the case of a qualified floating rate or qualified inverse floating rate (each as defined below), the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or (ii) in the case of an objective rate (as defined below, and other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the debt instrument. Qualified stated interest (or, if there is no qualified stated interest, OID) allocable to an accrual period is then increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to clause (i) or (ii), as applicable. Special rules that apply to a variable rate debt instrument that provides for stated interest at a fixed rate under certain circumstances will be described in the relevant Final Terms.

A "**variable rate debt instrument**" is a debt instrument that (i) has an issue price that does not exceed the total non-contingent principal payments by more than an amount equal to the lesser of (a) 0.015 multiplied by the product of such total non-contingent principal payments and the number of complete years to maturity of the instrument (or, in the case of a Note providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Note) or (b) 15 percent of the total non-contingent principal payments; (ii) provides for stated interest (compounded or paid at least annually) at the current value of (A) one or more qualified floating rates;

(B) a single fixed rate and one or more qualified floating rates; (C) a single objective rate or (D) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (iii) does not provide for any principal payments that are contingent. The current value of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A "**qualified floating rate**" is generally a floating rate under which variations in the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which a debt instrument is denominated. A multiple of a qualified floating rate is not a qualified floating rate unless the relevant multiplier is (i) fixed at a number that is greater than 0.65 but not more than 1.35 or (ii) fixed at a number that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. A variable rate is not considered a qualified floating rate if the variable rate is subject to a cap, floor, governor (*i.e.*, a restriction on the amount of increase or decrease in the stated interest rate) or similar restriction that is reasonably expected as of the issue date to cause the yield on the Note to be significantly more or less than the expected yield determined without the restriction (other than a cap, floor, governor or similar restriction that is fixed throughout the term of the Note).

An "**objective rate**" is a rate (other than a qualified floating rate) that is determined using a single fixed formula and that is based on objective financial or economic information. However, an objective rate does not include a rate based on information that is within the control of the Issuer (or certain related parties of the Issuer) or that is unique to the circumstances of the Issuer (or certain related parties of the Issuer), such as dividends, profits or the value of the Issuer's stock. A "**qualified inverse floating rate**" is an objective rate (i) that is equal to a fixed rate minus a qualified floating rate and (ii) the variations in which can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or similar restrictions that would not, as described above, cause a rate to fail to be a qualified floating rate). Notwithstanding the first sentence of this paragraph, a rate is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note's term. The IRS may designate rates other than those specified above that will be treated as objective rates. As of the date of this Information Memorandum, no other rates have been designated.

If (i) interest on a Note is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and (ii) the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate. A fixed rate and a variable rate will be conclusively presumed to meet the requirements of the preceding sentence if the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25 percentage points (25 basis points).

If a floating rate Note does not qualify as a variable rate debt instrument or otherwise provides for contingent payments, or if a fixed rate Note provides for contingent payments, such Note may constitute a "contingent payment debt instrument". Interest payable on a contingent payment debt instrument is not treated as qualified stated interest. Special rules applicable to contingent payment debt instruments offered to U.S. Holders will be described in the relevant Final Terms.

In general, the following rules apply if (i) a Note provides for one or more alternative payment schedules applicable upon the occurrence of a contingency or contingencies and the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and (ii) either a single payment schedule is significantly more likely than not to occur or the Note provides the Issuer or a U.S. Holder with an unconditional option or options exercisable on one or more dates during the term of the Note. If based on all the facts and circumstances as of the issue date a single payment schedule for a debt instrument, including the stated payment schedule, is significantly more likely than not to occur, then, in general, the yield and maturity of the Note are computed based on this payment schedule. If the Issuer or a U.S. Holder has an unconditional option or options that, if exercised, would require payments to be made on the Note under an alternative payment schedule or schedules, then (i) in the case of an option or options exercisable by the Issuer, the Issuer will be deemed to exercise or not exercise an option or combination of options in a manner that minimises the yield on the Note and (ii) in the case of an option or options of the U.S. Holder, the U.S. Holder will be deemed to exercise or not exercise an option or combination of options in a manner that maximises the yield on

the Note. Notes subject to the above rules will not be treated as contingent payment debt instruments as a result of the contingencies described above. If a contingency (including the exercise of an option) actually occurs or does not occur contrary to an assumption made according to the above rules (a "**Change in Circumstances**"), then, except to the extent that a portion of the Note is repaid as a result of a Change in Circumstances and solely for purposes of the accrual of OID, the Note is treated as retired and then reissued on the date of the Change in Circumstances for an amount equal to the Note's adjusted issue price on that date.

A U.S. Holder may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method. For purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. The election must be made for the taxable year in which a U.S. Holder acquires a Note, and may not be revoked without the consent of the IRS.

Pre-Issuance Accrued Interest.

If (i) a portion of the initial purchase price of a Note is attributable to pre-issuance accrued interest, (ii) the first stated interest payment on the Note is to be made within one year of the Note's issue date, and (iii) the payment will equal or exceed the amount of pre-issuance accrued interest, then an election may be made to decrease the issue price of the Note by the amount of pre-issuance accrued interest. If this election is made, a portion of the first stated interest payment will be deemed to be a non-taxable return of pre-issuance accrued interest and, accordingly, will not be taxable as interest on the Notes. If this election is not made, the U.S. federal income tax treatment of any pre-issuance accrued interest is not entirely clear. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued interest.

Premium

If the amount paid by a U.S. Holder for a Note exceeds the stated redemption price at maturity of such Note, such U.S. Holder generally will be considered to have purchased such Note at a premium equal in amount to such excess. In this event, such U.S. Holder generally may elect to amortise such premium, based generally on a constant-yield basis, as an offset to interest income over the remaining term of such Note. In the case of a Note that may be redeemed prior to maturity, the premium amortisation and redemption date are calculated assuming that the Issuer and the U.S. Holder will exercise or not exercise redemption rights in a manner that maximises the U.S. Holder's yield. It is unclear how premium amortisation is calculated when the redemption date or the amount of any redemption premium is uncertain. A U.S. Holder that elects to amortise bond premium must reduce its tax basis in a Note by the amount of the aggregate deductions allowable for the amortised bond premium. The amount amortised in any year will be treated as a reduction of interest income from such Note. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the gain or increase the loss otherwise recognised on the sale, exchange or redemption of such Note. The election to amortise bond premium, once made, will apply to all debt obligations held or subsequently acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under "*—Interest and Original Issue Discount*") for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the U.S. Holder's debt instruments with amortisable bond premium.

Market Discount

If a U.S. Holder purchases a Note (other than a Short-Term Note (as defined below)) for an amount that is less than its stated redemption price at maturity or, in the case of an OID Note, its adjusted issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an OID Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Note, including disposition in certain non-recognition transactions, as ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this

market discount has been previously included in income by the U.S. Holder pursuant to an election by the Holder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

Market discount will accrue on a straight line basis unless a U.S. Holder makes an election with respect to a particular note to accrue on a constant yield basis (as described under "*—Interest and Original Issue Discount*"). Such election will result in a deemed election for all market discount bonds acquired by the Holder on or after the first day of the first taxable year to which such election applies.

Acquisition Premium

A U.S. Holder that purchases a Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described above under the caption"*— Interest and Original Issue Discount*" to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price. A Note's "**adjusted issue price**" is its issue price (as determined above) increased by the amount of previously includable OID and decreased by the amount of any payments on the Note that do not constitute qualified stated interest.

Short-Term Notes

Notes that have a fixed maturity of one year or less ("**Short-Term Notes**") will be treated as issued with OID. In general, an individual or other U.S. Holder that uses the cash method of accounting is not required to accrue such OID unless such U.S. Holder elects to do so. If such an election is not made, any gain recognised by such U.S. Holder on the sale, exchange, retirement or other disposition of a Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis, or upon such U.S. Holder's election under the constant yield method (based on daily compounding), through the date of sale, exchange, retirement or other disposition, and a portion of the deduction otherwise allowable to such U.S. Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income on such Short-Term Note is realised. U.S. Holders that report income for U.S. federal income tax purposes under the accrual method of accounting and certain other holders are required to accrue OID related to a Short-Term Note as ordinary income on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding).

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity.

Sale, Exchange, Retirement or Other Disposition of Notes

In general, a U.S. Holder of a Note will have a tax basis in such Note equal to the cost of such Note to such U.S. Holder, increased by any amount includible in income by such U.S. Holder as OID and reduced by any amortised premium and any payments received with respect to the Note other than payments of qualified stated interest. Upon a sale, exchange, retirement or other disposition of a Note, a U.S. Holder will generally recognise gain or loss equal to the difference between the amount realised on the sale, exchange, retirement or other disposition (less any amount that is attributable to pre-issuance accrued interest, which will be treated as described above and accrued but unpaid qualified stated interest, which will constitute ordinary interest income if not previously included in income) and such U.S. Holder's tax basis in such Note. Subject to the rules described below under "*— Foreign Currency Notes*", such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder has held such Note for more than one year at the time of disposition. Certain non-corporate U.S. Holders

are entitled to preferential treatment for net long-term capital gains. The ability of a U.S. Holder to offset capital losses against ordinary income is subject to substantial limitations.

Foreign Currency Notes

The following discussion generally describes special rules that apply, in addition to the rules described above, to Notes that are denominated in, or provide for payments determined by reference to, a currency other than the U.S. dollar ("**Foreign Currency Notes**"). The amount of qualified stated interest paid with respect to a Foreign Currency Note that is includible in income by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes is the U.S. dollar value of the amount paid, as determined on the date of actual or constructive receipt by such U.S. Holder, using the spot rate of exchange on such date. In the case of qualified stated interest on a Foreign Currency Note held by a U.S. Holder that uses the accrual method of accounting, and in the case of OID (other than OID on a Short-Term Note that is not required to be accrued) for every U.S. Holder, such U.S. Holder is required to include the U.S. dollar value of the amount of such interest income or OID (which is determined in the foreign currency) that accrued during the accrual period. The U.S. dollar value of such accrued interest income or OID generally is determined by translating such income at the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within the taxable year). Alternatively, such U.S. Holder may elect to translate such income at the spot rate of exchange on the last day of the accrual period (or, with respect to an accrual period that spans two taxable years, at the spot rate of exchange in effect on the last day of the taxable year for the partial period). If the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. The U.S. Holder will recognise, as ordinary income or loss, foreign currency exchange gain or loss with respect to such accrued interest income or OID on the date the interest or OID is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income or OID for the relevant accrual period and the spot rate of exchange on the date such interest or OID is actually or constructively received.

A U.S. Holder will calculate the amortisation of any bond premium for a Foreign Currency Note in the applicable foreign currency. Amortisation deductions attributable to a period will reduce interest payments in respect of that period, and therefore are translated into U.S. dollars at the spot rate of exchange used for those interest payments. Foreign currency exchange gain or loss will be realised with respect to amortised premium on a Foreign Currency Note based on the difference between the spot rate of exchange at which the amortisation deductions were translated into U.S. dollars and the spot rate of exchange on the date such U.S. Holder acquired the Foreign Currency Note. Where a U.S. Holder elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Note is generally translated into U.S. dollars at the spot rate on such payment or disposition date.

The amount realised with respect to a sale, exchange, retirement or other disposition of a Foreign Currency Note generally will be the U.S. dollar value of the payment received, determined on the date of disposition of such Foreign Currency Note (using the spot rate of exchange on such date). However, with respect to Foreign Currency Notes that are treated as traded on an established securities market, such amount realised will be determined using the spot rate of exchange on the settlement date in the case of (i) a U.S. Holder that is a cash method taxpayer or (ii) a U.S. Holder that is an accrual method taxpayer that elects such treatment. This election may not be changed without the consent of the IRS. Gain or loss that is recognised generally will be ordinary income or loss to the extent it is attributable to fluctuations in currency exchange rates between the date of purchase and the date of sale, exchange, retirement or other disposition. Such foreign currency exchange gain (or loss), together with any foreign currency exchange gain (or loss) realised on such disposition in respect of accrued interest or OID, generally will be recognised only to the extent of the total gain (or loss) realised by such U.S. Holder on the sale, exchange, retirement or other disposition of the Foreign Currency Note. Any such

total gain (or loss) realised by a U.S. Holder not treated as foreign currency exchange gain (or loss) generally will be capital gain (or loss) (subject to the discussion above regarding Short-Term Notes).

A U.S. Holder that determines its amount realised in connection with the sale, exchange, retirement or other disposition of a Foreign Currency Note by reference to the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (rather than on the settlement date) may recognise additional foreign currency exchange gain or loss upon receipt of non-U.S. currency from such sale, exchange, retirement or other disposition.

A U.S. Holder will recognise an amount of foreign currency exchange gain or loss on a sale or other disposition of any non-U.S. currency equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of any other property, received in such sale or other disposition and (ii) the tax basis of such non-U.S. currency. A U.S. Holder generally will have a tax basis in non-U.S. currency received from a sale, exchange, retirement or other disposition of a Foreign Currency Note equal to the U.S. dollar value of such non-U.S. currency on the date of receipt.

A Note that provides for payments in more than one currency generally will be treated as a "contingent payment debt instrument", and the special rules applicable to such instruments may be described in the relevant Final Terms or other supplemental disclosure if the Notes are offered to U.S. Holders.

Reference Rate Adjustment

If the elimination of any benchmark, or changes in the manner of administration of any benchmark, results in an adjustment to the interest calculation provisions of the terms and conditions of the Notes (a "**Reference Rate Adjustment**"), this may be treated as a deemed exchange of old notes for new notes, which may be taxable to U.S. Holders, or may affect the calculation of OID. U.S. Holders should consult their tax advisers regarding the potential consequences of a Reference Rate Adjustment.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent or other intermediary and comply with certain certification procedures. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

In addition, U.S. Holders should consult their tax advisers about any additional reporting obligations that may apply as a result of the acquisition, holding or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

UNITED STATES EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain requirements on "**employee benefit plans**" (as defined in Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, including pension plans, profit-sharing plans, collective investment funds and separate accounts whose underlying assets include the assets of such employee benefit plans (collectively, "**ERISA Plans**"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts, health savings accounts, "Keogh" plans and entities whose underlying assets include the assets of such plans (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "**parties in interest**" within the meaning of Section 3(14) of ERISA and "**disqualified persons**" within the meaning of Section 4975(e)(2) of the Code and collectively, "**Parties in Interest**") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. To the extent a purchase of the Notes (or an interest in a Note) by a Plan is permitted, prohibited transactions within the meaning of Section 406 of ERISA and/or Section 4975 of the Code may arise if the Notes are acquired by a Plan with respect to which any of the Issuer, the Dealers, the Agents, the DTC Custodian or any of their respective affiliates (collectively, the "**Transaction Parties**") is considered a Party in Interest. A Party in Interest who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a Party in Interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that the plan pays no more than, and receives no less than, "adequate consideration" for the transaction), Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisers regarding the prohibited transaction rules and these exemptions. There can be no assurance that any exemption will be available with respect to any particular transaction involving the Notes, or that, if an exemption is available, it will cover all aspects of any particular transaction.

Unless otherwise permitted pursuant to the Final Terms, a Plan may not purchase or acquire any interest in the Notes. Each purchaser and transferee of a Note (or any interest therein), unless stated in the Final Terms, will be deemed to have represented and agreed that it is not, and is not acting on behalf of (and for so long as it holds a Note (or any interest therein) will not be, and will not be acting on behalf of), a Plan. If a purchaser or transferee of a Note is not a Plan but is, or is acting on behalf of, a governmental, church or non-U.S. plan that is subject to any U.S. federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**") then such purchaser or transferee will be deemed to represent and agree that its acquisition, holding and disposition of a Note (or any interest therein) will not constitute or result in a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan.

Governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) that have made no election under Section 410(d) of the Code and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing any Notes.

The foregoing discussion is general in nature and not intended to be all-inclusive. Any Plan fiduciary who proposes to cause a Plan to purchase Notes (or any interest therein) to the extent permitted in the Final Terms should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA or the Code.

If, in the Final Terms, Plans are permitted to purchase Notes, each purchaser and subsequent transferee of a Note (or any interest therein) will be deemed to have represented and agreed that either (a) it is not, and is not acting on behalf of (and for so long as it holds a Note (or any interest therein) will not be, and will not be acting on behalf of), a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Law or (b) its acquisition, holding and disposition of such a Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan).

Moreover, if in the Final Terms, Plans are permitted to purchase Notes (or any interest therein), each purchaser and subsequent transferee of a Note (or any interest therein) that is, or is acting on behalf of, a Plan will be deemed to have represented by its purchase of the Notes (or any interest therein) that (i) none of the Transaction Parties has provided any investment recommendation or investment advice to the Plan or any fiduciary or other person investing on behalf of the Plan, or who otherwise has discretion or control over the investment and management of "plan assets" (a "**Plan Fiduciary**"), in connection with the Plan's or the Plan Fiduciary's decision to purchase the Notes (or any interest therein), (ii) none of the Transaction Parties is undertaking to act as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or Plan Fiduciary in connection with the Plan's acquisition of the Notes (or any interest therein) and (iii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more dealers appointed from time to time in relation to each Tranche of Notes (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Master Dealer Agreement dated 28 September 2018 (the "**Master Dealer Agreement**"). Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Master Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Notes may also be sold from time to time by the Issuer by way of a private placement.

Dealers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The several Dealers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer, and the Dealers have not provided any legal, accounting, regulatory or tax advice with respect to any offering contemplated hereby and the Issuer has consulted its own legal, accounting, regulatory and tax advisers to the extent it deemed appropriate. Where any of the Dealers or their affiliates has a lending relationship with the Issuer, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers may hedge, their credit exposure to the Issuer consistent with their customary risk management policies. Typically, these Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes.

Certain of the Dealers and their respective affiliates have, directly or indirectly, performed investment and commercial banking or financial advisory services for the Issuer and/or its affiliates for which they may have received customary fees and commissions, and they expect to provide these services to the Issuer and/or its affiliates in the future, for which they will receive customary fees and commissions. In the ordinary course of their various business activities, the Dealers and their respective 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, and such investment and securities activities may involve securities and/or instruments of the Issuer. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

General

Each Dealer will represent, warrant and agree that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Information Memorandum or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Information Memorandum or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Information Memorandum or any Final Terms or any related offering material, in all cases at their own expense.

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

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or

modification relevant only to a particular Tranche of Notes) or in a supplement to this Information Memorandum.

Unless otherwise provided in the Final Terms, no action is being taken by the Issuer, its agents or dealers to permit an offer, subscription sale or resale of any Notes, or the distribution of any document, in or from any jurisdiction where action by the Issuer would be required for such purpose. Accordingly, the Notes may not be directly or indirectly offered or sold, and no information memorandum or other informational or offering material may be distributed or published, in or from any such jurisdiction or to any persons subject thereto, except in compliance with any applicable laws and regulations. In particular, no representation is made that the Notes may be lawfully sold in compliance with any applicable registration requirements, and neither the Issuer, nor its agents or dealers, assumes any responsibility for facilitating such sales.

United States

The Notes have not been and will not be registered under the Securities Act, the securities laws of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has agreed that, except as permitted by the Master Dealer Agreement, it will not offer or sell the Notes of any Series (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of the Notes of such Series within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes of any Series (other than a sale pursuant to Rule 144A) during the distribution compliance period with respect to that Series a confirmation or other notice setting forth the restrictions on offers and sales of the Notes of that Series within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes of a Series, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Notes offered and sold outside the United States to non-U.S. persons may be sold in reliance on Regulation S. The Master Dealer Agreement provides that the Dealer(s) may directly or through their respective U.S. broker dealer affiliates arrange for the offer and resale of Notes within the United States only to persons whom they reasonably believe are QIBs who can represent that (a) they are QIBs within the meaning of Rule 144A, (b) they are not broker dealers who own and invest on a discretionary basis less than USD 25 million in securities of unaffiliated issuers, (c) they are not a participant directed employee plan, such as a 401(k) plan, (d) they are acting for their own account, or the account of one or more QIBs, (e) they are not formed for the purpose of investing in the Issuer or the Notes, (f) they understand that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories and (g) they will provide notice of the transfer restrictions set forth in this Information Memorandum to any subsequent transferees.

The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States or to any U.S. person other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker dealer affiliate. Distribution of this Information Memorandum by any non U.S. person outside the United States or by any QIB within the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non U.S. person or QIB, is prohibited.

Further restrictions may be specified in relevant Final Terms for Notes whose interest or redemption amounts are linked to an index or other formula.

The Notes in bearer form (being Notes which are represented on issue by a Global Bearer Note) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its

possessions or to a United States person, except in certain transactions permitted by U.S. Treasury Regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

In respect of such Notes in bearer form having a maturity of more than 365 days where TEFRA C is specified in the relevant Final Terms, the relevant Dealer will be required to represent and agree that:

(a) it understands that under U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**"), such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance;

(b) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions in connection with the original issuance of such Notes; and

(c) in connection with the original issuance of such Notes it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such prospective purchaser or such Dealer is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of such Notes.

In respect of such Notes in bearer form having a maturity of more than 365 days where TEFRA D is specified in the relevant Final Terms, the relevant Dealer will be required to represent and agree that:

(a) except to the extent permitted under U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**"):

    (i) it has not offered or sold, and during the restricted period will not offer or sell, any Notes to a person who is within the United States or its possessions or to a United States person; and

    (ii) it has not delivered and will not deliver in definitive form within the United States or its possessions any Notes sold during the restricted period;

(b) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules; and

(c) if it is a United States person, it is acquiring the Notes for the purposes of resale in connection with their original issuance and, if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulations §1.163-5(c)(2)(i)(D)(6) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the TEFRA C Rules and the TEFRA D Rules.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Corporations Act**")) in relation to the Programme or the Notes has been or will be lodged with or registered by the Australian Securities and Investments Commission ("**ASIC**") or any other regulatory authority in Australia.

Each relevant Dealer has represented, warranted and agreed that it:

(a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of, any Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, any information memorandum, prospectus or any other offering material or advertisement relating to the Programme or the Notes in Australia, unless:

    (i) the aggregate consideration payable by each offeree or invitee is at least AUD500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;

    (ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;

    (iii) such action complies with all applicable laws, regulations and directives; and

    (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for Notes, each person to whom Notes are issued (an "**Investor**"):

(a) will be deemed by the Issuer and each of the Dealers to have acknowledged that if any Investor on-sells any Notes within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:

    (i) that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer debt securities in Australia without a prospectus or other disclosure document lodged with ASIC; or

    (ii) the sale offer is received outside Australia; and

(b) will be deemed by the Issuer and each of the Dealers to have undertaken not to sell those Notes in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Notes.

This Information Memorandum and the Final Terms relating to an issue of Notes, are not, and under no circumstances are to be construed as, an advertisement or public offering of any Notes in Australia.

AUCTION PROCESS

Auction process

In case of issuances which are not syndicated, the terms and the allocation of the issuance will be determined in an auction process.

The auction process for the offering of Notes is conducted in the name and for the account of the Issuer through the electronic ESM Bidding System of the Deutsche Bundesbank ("**EBS**"). It is subject to German law. Each auction of Notes is ruled by the Auction Rules for the Issue of Bonds of the ESM, the Special Terms and Conditions of the Deutsche Bundesbank for Auctions of Bonds of the ESM using the EBS, the General Terms and Conditions for the Bundesbank ExtraNet, and the General Terms and Conditions of the Deutsche Bundesbank (each as published at https://www.bundesbank.de/en/service/banks-and-companies/ebs/terms-and-conditions/terms-and-conditions-620604) and any amendments to the aforementioned rules.

Only members of the ESM Market Group ("**Members**") are participants in the EBS and may therefore participate in auctions. In general, Members have to be financial institutions authorised in the European Economic Area ("**EEA**") or EEA branches of financial institutions which are authorised outside the EEA.

Terms and Conditions of each individual issue of Notes are announced by Deutsche Bundesbank together with an invitation to bid via press releases, financial information services and the EBS. In addition, the auction result will be published by Deutsche Bundesbank via press release, financial information services and the EBS.

TRANSFER RESTRICTIONS

In light of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale or other transfer offered hereby.

Regulation S Notes

Each purchaser or holder of an interest in Notes (other than Restricted Notes) and each subsequent purchaser or holder of Notes (A) in the case of (1) and (2) below, prior to the expiration of the distribution compliance period (as such term is defined in Regulation S), and (B) in the case of (3), (4), (5), (6) and (7) below, throughout the period that it holds such Notes, by accepting delivery of this Information Memorandum and the Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and it is not an affiliate of the Issuer or a person acting on behalf of the Issuer or such an affiliate.

(2) It understands that prior to the expiration of the applicable distribution compliance period (as such term is defined in Regulation S) for such Notes, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that the Unrestricted Notes of a Series will be evidenced by an Unrestricted Global Note. Before any interest in an Unrestricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Note, it will be required to provide a Transfer Agent with a written certification as to compliance with applicable securities laws.

(4) It is, or at the time the Notes are purchased it will be, the owner of such Notes.

(5) It understands that the Notes have not been and will not be registered under the Securities Act.

(6) It understands and acknowledges that, unless otherwise stated in the relevant Final Terms, its purchase and holding of such Notes (or any interest therein) constitutes a representation and agreement by it that either (i) it is not, and is not acting on behalf of (and for so long as it holds a Note (or any interest therein) will not be, and will not be acting on behalf of), a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Law or (ii) if it is a governmental, church or non-U.S. plan, its acquisition, holding and disposition of such Notes (or any interest therein) will not constitute or result in a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan).

(7) It understands and acknowledges that, if, in the relevant Final Terms, Plans are permitted to purchase Notes, by accepting such Notes (or any interest therein) its purchase an holding of such Notes (or any interest therein) constitutes a representation and agreement that, either (a) it is not, and is not acting on behalf of (and for so long as it holds such Notes (or any interest therein) will not be, and will not be acting on behalf of), a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Law or (b) its acquisition, holding and disposition of such Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan).

(8) Moreover, if in the Final Terms, Plans are permitted to purchase Notes (or any interest therein), each purchaser and subsequent transferee of a Note (or any interest therein) that is, or is acting on behalf of, a Plan will be deemed to have represented by its purchase of the Notes (or any interest therein) that:

(i) none of the Transaction Parties has provided any investment recommendation or investment advice to the Plan or Plan Fiduciary, in connection with the Plan's or the Plan Fiduciary's decision to purchase the Notes (or any interest therein);

(ii) none of the Transaction Parties is undertaking to act as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or Plan Fiduciary in connection with the Plan's acquisition of the Notes (or any interest therein); and

(iii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

(9) It understands that the Unrestricted Global Note and any Unrestricted Notes in definitive form issued in exchange thereof, unless otherwise agreed between the Issuer and the Issuing and Paying Agent in accordance with applicable law, will bear a legend to the following effect:

"By accepting this Note (or any interest in the Note represented hereby) each owner hereof, and each fiduciary acting on behalf of the owner (both in its individual and corporate capacity), will be deemed to represent, warrant and agree that, unless otherwise stated in the relevant Final Terms, during the period it holds this Note (or any interest herein) (a) it is not, and it is not acting on behalf of (and for so long as it holds this Note (or any interest herein) will not be, and will not be acting on behalf of), an "Employee Benefit Plan" (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, a "Plan" as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") that is subject to Section 4975 of the Code, or any entity whose underlying assets include "plan assets" by reason of such an Employee Benefit Plan or Plan's investment in such entity (each of the foregoing, a "**Plan**"), or a governmental, church or non-U.S. plan that is subject to any U.S. federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), or (b) if it is a governmental, church or non-U.S. plan, its acquisition, holding and disposition of this Note (or any interest herein) will not constitute or result in a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan). No purchase by or transfer to a Plan of this Note, or any interest herein, will be effective, and the Issuer will not recognise any such acquisition or transfer. In the event that the Issuer determines that this Note is held by a Plan, the Issuer may cause a sale or transfer in the manner described in the Information Memorandum.

If, in the relevant Final Terms, Plans are permitted to purchase Notes, by accepting this Note (or any interest in the Notes represented hereby) each owner hereof and each fiduciary acting on behalf of the owner (both in its individual and corporate capacity), will be deemed to represent, warrant and agree that, either (a) it is not, and is not acting on behalf of (and for so long as it holds this Note (or any interest herein) will not be, and will not be acting on behalf of), a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Law or (b) its acquisition, holding and disposition of this Note (or any interest herein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan).

Moreover, if in the Final Terms, Plans are permitted to purchase Notes (or any interest therein), each holder hereof that is, or is acting on behalf of, a Plan will be deemed to have represented by its purchase of the Notes (or any interest therein) that (x) none of the Issuer, the Dealers, the Agents, the DTC Custodian or any of their respective affiliates (collectively, the "**Transaction Parties**") has provided any investment recommendation or investment advice to the Plan or any fiduciary or other person investing on behalf of the Plan, or who otherwise has discretion or control over the investment and management of "plan assets" (a "**Plan Fiduciary**"), in connection with the Plan's or the Plan Fiduciary's decision to purchase this Note (or any interest therein), (y) none of the Transaction Parties is undertaking to act as a "fiduciary", as that term is defined in Section 3(21) of ERISA or

Section 4975(e)(3) of the Code, to the Plan or Plan Fiduciary in connection with the Plan's acquisition of this Note (or any interest herein) and (z) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

(10) It acknowledges that the Issuer, the Dealer(s) and their respective affiliates, and others, will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the applicable Dealer(s). If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

Rule 144A Notes

Each purchaser or holder of an interest in a Restricted Note, by accepting delivery of this Information Memorandum and the Restricted Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a QIB, (b) acquiring such Notes for its own account, or the account of one or more QIBs, and (c) aware, and each owner of such Notes has been advised, that the seller of such Restricted Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

(2) It understands that the Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of one or more QIBs or (b) to a non U.S. person within the meaning of Regulation S in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands and acknowledges that, unless otherwise stated in the relevant Final Terms, its purchase and holding of such Notes (or any interest therein) constitutes a representation and agreement by it that either (i) it is not, and is not acting on behalf of (and for so long as it holds a Note (or any interest therein) will not be, and will not be acting on behalf of), a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Law or (ii) if it is a governmental, church or non-U.S. plan, its acquisition, holding and disposition of such Notes (or any interest therein) will not constitute or result in a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan).

(4) It understands and acknowledges that, if, in the relevant Final Terms, Plans are permitted to purchase Notes, by accepting such Notes (or any interest therein) its purchase an holding of such Notes (or any interest therein) constitutes a representation and agreement that, either (a) it is not, and is not acting on behalf of (and for so long as it holds such Notes (or any interest therein) will not be, and will not be acting on behalf of), a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Law or (b) its acquisition, holding and disposition of such Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan).

(5) Moreover, if in the Final Terms, Plans are permitted to purchase Notes (or any interest therein), each purchaser and subsequent transferee of a Note (or any interest therein) that is, or is acting on behalf of, a Plan will be deemed to have represented by its purchase of the Notes (or any interest therein) that:

(i) none of the Transaction Parties has provided any investment recommendation or investment advice to the Plan or Plan Fiduciary, in connection with the Plan's or the Plan Fiduciary's decision to purchase the Notes (or any interest therein);

(ii) none of the Transaction Parties is undertaking to act as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or Plan Fiduciary in connection with the Plan's acquisition of the Notes (or any interest therein); and

(iii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

(6) It understands that the Restricted Global Note and any Restricted Notes in definitive form issued in exchange thereof, unless otherwise agreed between the Issuer and the Issuing and Paying Agent in accordance with applicable law, will bear a legend to the following effect:

"The Notes represented hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes represented hereby may not be offered, sold, pledged or otherwise transferred except (1) in accordance with Rule 144A under the Securities Act ("**Rule 144A**") to a person that the holder and any person acting on its behalf reasonably believes is a Qualified Institutional Buyer within the meaning of Rule 144A (a "**QIB**") purchasing for its own account or for the account of one or more QIBs whom the holder has informed, in each case, that such offer, sale, pledge or other transfer is being made in reliance on Rule 144A under the Securities Act or (2) to a non U.S. person within the meaning of Regulation S in an offshore transaction within the meaning of Regulation S under the Securities Act ("**Regulation S**") in accordance with Rule 903 or Rule 904 of Regulation S, and, in each case in accordance with any applicable securities laws of any state of the United States. No representation can be made as to the availability of any exemption under the Securities Act for resales of this Note.

By accepting this Note (or any interest in the Notes represented hereby) each owner hereof, and each fiduciary acting on behalf of the owner (both in its individual and corporate capacity), will be deemed to represent, warrant and agree that, unless otherwise stated in the relevant Final Terms, during the period it holds this Note (or any interest herein) (a) it is not, and it is not acting on behalf of (and for so long as it holds this Note (or any interest herein) will not be, and will not be acting on behalf of), an "Employee Benefit Plan" (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, a "Plan" as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") that is subject to Section 4975 of the Code, or any entity whose underlying assets include "plan assets" by reason of such an Employee Benefit Plan or Plan's investment in such entity (each, a "**Plan**"), or a governmental, church or non-U.S. plan that is subject to any U.S. federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**") or (b) if it is a governmental, church or non-U.S. plan, its acquisition, holding and disposition of this Note (or any interest herein) will not constitute or result in a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan). No purchase by or transfer to a Plan of this Note, or any interest herein, will be effective, and the Issuer will not recognise any such acquisition or transfer. In the event that the Issuer determines that this Note is held by a Plan, the Issuer may cause a sale or transfer in the manner described in the Information Memorandum.

If, in the relevant Final Terms, Plans are permitted to purchase Notes, by accepting this Note (or any interest in the Notes represented hereby) each owner hereof and each fiduciary acting on behalf of the owner (both in its individual and corporate capacity), will be deemed to represent, warrant and agree that, either (a) it is not, and is not acting on behalf of (and for so long as it holds this Note (or any interest herein) will not be, and will not be acting on behalf of), a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Law or (b) its acquisition, holding and disposition of this Note (or any interest herein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any Similar Law and will not subject the Issuer to any Similar Law solely as a result of the investment in the Issuer by such plan).

Moreover, if in the Final Terms, Plans are permitted to purchase Notes (or any interest therein), each holder hereof that is, or is acting on behalf of, a Plan will be deemed to have represented by its purchase of the Notes (or any interest therein) that (x) none of the Issuer, the Dealers, the Agents, the DTC Custodian or any of their respective affiliates (collectively, the "**Transaction Parties**") has provided any investment recommendation or investment advice to the Plan or any fiduciary or other person investing on behalf of the Plan, or who otherwise has discretion or control over the investment and management of "plan assets" (a "**Plan Fiduciary**"), in connection with the Plan's or the Plan Fiduciary's decision to purchase this Note (or any interest therein), (y) none of the Transaction Parties is undertaking to act as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or Plan Fiduciary in connection with the Plan's acquisition of this Note (or any interest herein) and (z) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

(7) It acknowledges that the Issuer, the Dealers and their respective affiliates, and others, will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Restricted Notes is no longer accurate, it shall promptly notify the Issuer and the applicable Dealer(s). If it is acquiring any Note as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

(8) It understands that Restricted Notes of a Series will be represented by interests in one or more Restricted Global Notes. Before any interest in a Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note, it will be required to provide a Transfer Agent with a written certification as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Restricted Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

USE OF PROCEEDS

The net proceeds of the issuance of each Series of Notes will be used for the general operations of the Issuer.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The establishment of the Programme was approved by the Board of Directors on 22 November 2012. The total aggregate principal amount of Notes which may be issued or outstanding at any time under the Programme shall be within the limits of the overall borrowing amounts set by the Board of Directors.

Documents on Display

For so long as the Notes remain capable of being issued under the Programme or any Notes remain outstanding, copies of the following documents will be available free of charge on the website of the Issuer:

(a) the ESM Treaty (https://www.esm.europa.eu/legal-documents/esm-treaty);

(b) this Information Memorandum (and any supplements to the Information Memorandum) (https://www.esm.europa.eu/investors/esm-and-efsf/legal-documents);

(c) the Master Dealer Agreement (https://www.esm.europa.eu/investors/esm-and-efsf/legal-documents);

(d) any Final Terms (https://www.esm.europa.eu/investors/esm/transactions); and

(e) the audited financial statements of the Issuer as of and for the years ended 31 December 2024, 31 December 2023 and 31 December 2022 as contained in the pages of the Issuer's Annual Reports for the years 2024, 2023 and 2022 respectively incorporated by reference under "*Documents Incorporated by Reference*" in this Information Memorandum (https://www.esm.europa.eu/publications).

For so long as the Notes remain capable of being issued under the Programme or any Notes remain outstanding, copies of the any dealer agreement and of the Issuing and Paying Agency Agreement (which contains the forms of Notes in global and definitive/individual form) will be available for consultation at the registered office of the Issuer.

Independent Auditors

The financial statements of ESM as of and for the years ended 31 December 2024 and 31 December 2023, incorporated by reference in this Information Memorandum, have been audited by KPMG Audit S.à r.l., independent auditors, as stated in their reports appearing therein. The ESM's financial statements as of and for the year ended 31 December 2022 incorporated by reference in this Information Memorandum have been audited by Ernst & Young S.A., as stated in their report appearing therein. KPMG Audit S.à r.l. were appointed as auditor to the Issuer with effect from 1 January 2023. Ernst & Young S.A. and KPMG Audit S.à r.l. are members of the *Luxembourg Institut des Réviseurs d'Entreprises*.

Clearing of the Notes

The Notes may be accepted for clearance through any Clearing System, as may be specified in the relevant Final Terms. The appropriate CUSIP, common code and/or the International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms.

Legal Entity Identifier (LEI)

The ESM's Legal Entity Identifier (LEI) is 222100W4EEAQ77386N50.

Rule 144A Information

So long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to sections 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, nor a foreign government as defined in Rule 405 of the Securities Act eligible to register securities under Schedule B of the Securities Act, furnish to each Holder of such Notes in connection with any resale thereof and to any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act.

LEGAL MATTERS

Certain legal matters will be passed upon for ESM by Clifford Chance Europe LLP and for the Dealers by Allen Overy Shearman Sterling LLP.

THE ISSUER

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Grand Duchy of Luxembourg

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United Kingdom

REGISTRAR AND TRANSFER AGENT

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Grand Duchy of Luxembourg

LUXEMBOURG LISTING AGENT

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Grand Duchy of Luxembourg

From 1 January 2023
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