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DEXIA CRÉDIT LOCAL

(a *société anonyme* established under the laws of the Republic of France)

Euro 45,000,000,000

Guaranteed Euro Medium Term Note Programme

benefitting from an unconditional and irrevocable first demand guarantee by the States of Belgium, France and Luxembourg

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Under the EUR 45,000,000,000 Guaranteed Euro Medium Term Note Programme (the "**Programme**") described in this Information Memorandum, Dexia Crédit Local (the "**Issuer**" or "**DCL**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue guaranteed Euro Medium Term Notes (the "**Notes**").

The States of Belgium, France and Luxembourg (each a "**Guarantor**" and together the "**Guarantors**") will guarantee, severally and not jointly, each to the extent of its quota indicated in Clause 3 of the Independent on-demand guarantee dated 24 January 2013 (as amended, supplemented and/or restated from time to time, (the "**Guarantee**"), payments of principal and interest due with respect to the Notes to the extent that they constitute Guaranteed Obligations as described under the Guarantee. For further information, see the section entitled "**The Guarantee**" in this Information Memorandum. The Issuer will, subject to certain exceptions, pay additional amounts in respect of any French taxes withheld. No additional amounts will be payable by the Guarantors if any payments in respect of any Note or the Guarantee become subject to deduction or withholding in respect of any taxes or duties whatsoever. The Issuer may, and in certain circumstances shall, redeem all, but not some only of, the Notes if certain French taxes are imposed or, if the Pricing Supplement issued in respect of any Series so provides, in the circumstances set out in such Pricing Supplement. See "*Terms and Conditions of the Notes — Taxation*" and "*Terms and Conditions of the Notes — Redemption, Purchase and Options* ".

The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 45,000,000,000 (or its equivalent in other currencies).

The Notes may (i) be issued or redeemed at their nominal amount or at a premium over or discount to their nominal amount, (ii) bear interest on a fixed or floating rate or not bear Interest and (iii) be paid in a currency or currencies other than the original currency of issue.

Notes will be issued on a continuous basis in series (each a "**Series**") having one or more issue dates and the same maturity date, bearing interest (if any) on the same basis and at the same rate (except in respect of the first payment of interest) and on terms otherwise identical (or identical other than in respect of the first payment of interest, the issue date, the issue price and the nominal amount), the Notes of each Series being intended to be consolidated as regards their financial service with all other Notes of that Series. Each Series may be issued in tranches ("**Tranches**") on different issue dates. The specific terms of each Series of Notes (which will be supplemented where necessary with supplemental terms and conditions) will be determined at the time of the offering of each Series based on the then prevailing market conditions and will be set forth in the relevant Pricing Supplement (as defined herein).

This Information Memorandum supersedes and replaces the Information Memorandum dated 1 July 2015 and all supplements thereto.

This Information Memorandum does not constitute a prospectus for the purposes of Directive 2003/71/EC, as amended, and may be used only for the purpose for which it is published.

Application has been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be admitted to the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "**Regulated Market**"). This Information Memorandum constitutes a "**Base Prospectus**" and any Pricing Supplement hereto will constitute a "**Final Terms**" each for the purposes of Luxembourg law of 10 July 2005 on the Prospectus for Securities as amended.

Application may in the future be made, in certain circumstances, to list Notes on such other or further stock exchanges as may be agreed between the Issuer and the relevant Dealer. The Regulated Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instalments appearing on the list of regulated markets published by the European Securities and Markets Authority (each such market being an "**EEA Regulated Market**"). Unlisted Notes may also be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed and, if so, the relevant stock exchange(s).

Notes of each Tranche of each Series to be issued in bearer form ("**Bearer Notes**") will initially be represented by a temporary global Note (each a "**temporary Global Note**") or by a permanent global Note (each a "**permanent Global Note**" and, together with the temporary Global Note, the "**Global Notes**"), in either case in bearer form, without interest coupons which may be (a) in the case of a Tranche intended to be cleared through Euroclear (as defined below) and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") (x) if the Global Notes are stated in the applicable Pricing Supplement to be issued in new global note ("**NGN**") form which are intended to be eligible collateral for Eurosystem monetary policy, delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear and Clearstream, Luxembourg; or (y) in the case of Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**"), deposited on the issue date with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"), (b) in the case of a Tranche intended to be cleared through Euroclear France, deposited on the issue date with Euroclear France acting as central depositary and (c) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear, Clearstream, Luxembourg and Euroclear France or delivered outside a clearing system, deposited on the relevant issue date as agreed between the Issuer and the relevant Dealer.

Notes of each Tranche of each Series to be issued in registered form ("**Registered Notes**") will initially be represented by a permanent registered global certificate (each a "**Global Certificate**"), without interest coupons, which may (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, (x) if the Global Certificate is held under the New Safekeeping Structure (the "**NSS**"), be deposited on or prior to the issue date with the Common Safekeeper; or (y) if the Global Certificate is not held under the NSS, be deposited on the issue date with a common depositary on behalf of Euroclear and Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear, Clearstream,

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Luxembourg, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. The provisions governing the exchange of interests in the Global Notes for other Global Notes and definitive Notes and the exchange of interests in each Global Certificate for individual certificates ("**Individual Certificates**" and, together with any Global Certificates, the "**Certificates**") are described in "*Summary of Provisions relating to the Notes while in Global Form*".

The Programme has been rated AA by Fitch Ratings Limited ("**Fitch**"), (P)Aa3 by Moody's France S.A.S. ("**Moody's**") and AA for long-term debt and A-1+ for short-term debt by Standard & Poor's Credit Market Services France S.A.S. ("**S&P**"). Each of Fitch, Moody's and S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Each of Fitch, Moody's and S&P is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. Notes issued pursuant to the Programme may be unrated. The relevant Pricing Supplement will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Information Memorandum.

Dealers

Barclays	**Goldman Sachs International**
BofA Merrill Lynch	**HSBC**
Citigroup	**J.P. Morgan**
Commerzbank	**Morgan Stanley**
Crédit Agricole CIB	**Natixis**
Crédit Suisse	**Nomura**
Deutsche Bank	**Société Générale Corporate & Investment Banking**
Dexia Crédit Local	**The Royal Bank of Scotland**

Arranger for the Programme

Goldman Sachs International

The date of this Information Memorandum is 5 July 2016.

In relation to each separate issue of Notes, the Pricing Supplement, including the final offer price and the amount of such Notes will be determined by the Issuer and the relevant Dealers in accordance with prevailing market conditions at the time of the issue of the Notes and will be set out in the relevant Pricing Supplement, substantially in the form of the *pro forma* Pricing Supplement set out in this Information Memorandum.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers (each as defined in "**Overview of the Programme**"). Neither the delivery of this Information Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries and affiliates taken as a whole (the "**DCL Group**") since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the DCL Group since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, none of the Dealers (other than DCL in its capacity as Dealer) or the Arranger accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer (other than DCL in its capacity as Dealer) accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement. This Information Memorandum is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger, any Guarantor or any of the Dealers that any recipient of this Information Memorandum should purchase the Notes.

Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Information Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers (other than DCL in its capacity as Dealer) or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Guarantors during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

This Information Memorandum does not constitute, and may not be used in connection with, an offer of, or an invitation to any person to whom it is unlawful to make such offer or invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

The distribution of this Information Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Guarantors, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of the Notes in Japan, the United Kingdom and the United States (see the section entitled "**Subscription and Sale**" below).

THE NOTES AND THE GUARANTEE 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 MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED 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**") OR, IN THE CASE OF

MATERIALISED NOTES IN BEARER FORM, THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED).

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

In this Information Memorandum, unless otherwise specified or the context otherwise requires, references to "**Euro**", "**EUR**" or "**€**" are to the single currency of the participating member states of the European Union which was introduced on 1 January 1999.

References to "Dexia" are to Dexia SA; references to the "Dexia Group" and the "Group" are to Dexia SA and its consolidated subsidiaries; references to "DCL" are to Dexia Crédit Local; references to the "Issuer" are to Dexia Crédit Local; references to "us", "we", or "our" are references to the Issuer; references to "DCL Group" are references to the Issuer and its subsidiaries and affiliates taken as a whole.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Information Memorandum. The Issuer declares, having taken all reasonable care to ensure that such is the case, that to the best of the knowledge of the Issuer the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Guarantors has either reviewed this Information Memorandum or verified the information contained in it, and none of the Guarantors makes any representation with respect to, or accepts any responsibility for, the contents of this Information Memorandum or any other statement made or purported to be made on its behalf in connection with the Issuer or the issue and offering of any Notes. Each of the Guarantors accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Information Memorandum or any such statement.

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OVERVIEW OF THE PROGRAMME

Issuer	Dexia Crédit Local, a limited company (*société anonyme*) established under French company law having its registered office in: Tour Dexia La Défense 2 1, Passerelle des Reflets 92913, La Défense Cedex France DCL is registered as a company under the number 351804042 Nanterre (*Registre du Commerce et des Sociétés*). DCL is part of the Dexia group of companies (the "**Dexia Group**"), the ultimate holding company being Dexia.
Guarantors	The Kingdom of Belgium, the Republic of France and the Grand Duchy of Luxembourg.
Guarantee	The Guarantors will severally and not jointly guarantee issues of Notes under the Programme. For further information, see the section entitled "**The Guarantee**" in this Information Memorandum. The Notes will have the benefit of the Guarantee to the extent that the Notes constitute "**Guaranteed Obligations**" as defined in Clause 1 of the Guarantee.
Description of the Programme	Continuously offered Guaranteed Euro Medium Term Note Programme.
Arranger	Goldman Sachs International
Dealers	Barclays Bank PLC Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Dexia Crédit Local Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International Morgan Stanley & Co. International plc Natixis Nomura International plc Société Générale The Royal Bank of Scotland plc

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Information Memorandum to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons which are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Programme Limit

Up to Euro 45,000,000,000 (or the equivalent in other currencies) aggregate nominal amount of Notes outstanding at any one time. Where an issue of Notes is in a currency other than Euro, the aggregate nominal amount of such Notes shall be calculated based on the Euro equivalent value of such currency as at the relevant issue date of such Notes.

Guarantee Limits

The aggregate commitment in principal of the Guarantors under the Guarantee for all outstanding Guaranteed Obligations (including, but not limited to, Notes issued under the Programme) may not at any time exceed the following limits, it being understood that the interest and incidental amounts due on the principal amounts so limited are guaranteed beyond these limits:

(1) Euro 85,000,000,000 for the three Guarantors in aggregate;

(2) Euro 43,698,500,000 for the Kingdom of Belgium;

(3) Euro 38,751,500,000 for the Republic of France; and

(4) Euro 2,550,000,000 for the Grand Duchy of Luxembourg,

as set out in Article 3 of the Guarantee.

The aggregate principal amount of the outstanding Guaranteed Obligations at 30 June 2016 was EUR 68.2 billion.

Compliance with the above-mentioned limits will be assessed upon each new issuance of, or entry into, Guaranteed Obligations, with the outstanding principal amount of all Guaranteed Obligations denominated in foreign currencies (i.e., Guaranteed Obligations issued or entered into prior to such time, as well as such new Guaranteed Obligations if denominated in foreign currencies) being converted into Euro, at the reference rate of the date of such new issuance of, or entry into, Guaranteed Obligations, as published on that day by the European Central Bank.

Any subsequent non-compliance with such limits will not affect the rights of the Noteholders under the Guarantee with respect to Notes issued before any such limit was exceeded.

Fiscal Agent, Listing Agent and Paying Agent

Banque Internationale à Luxembourg, société anonyme.

Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in euro (EUR), U.S. dollar (USD), Canadian dollar (CAD), pound sterling (GBP), yen (JPY) or Swiss franc (CHF), as agreed between the Issuer and the relevant Dealers.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity up to a maximum maturity as specified in the Guarantee (which, at the date of this Information Memorandum, is ten years from the relevant Issue Date). In the case of Extendible Notes, the Noteholder's option may provide that the Maturity Date in respect of the Notes will be automatically extended to a maximum maturity as specified in the Guarantee (which, at the date of this Information Memorandum, is ten years from the relevant Issue Date) unless a Noteholder exercises its Non-Extension Option in respect of any Note held by such Noteholder within the relevant Exercise Period.
Form of Notes	The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes are being issued in compliance with the D Rules (as defined in "*Overview of the Programme — Selling Restrictions*"), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "**Global Certificates**". The relevant Pricing Supplement will specify whether Notes are issued as Bearer Notes or Registered Notes.
Denominations	Notes will be issued in such denominations as may be specified in the applicable Pricing Supplement.
Interest, Specified Interest Payment Dates, Interest Periods and Rates of Interest	The relevant Pricing Supplement will specify whether or not the Notes bear interest, the method of and periods for, the calculation of such interest (which may differ from time to time or be constant for any Series) and the dates on which any such interest shall be payable. Notes may have a maximum rate of interest, a minimum rate of interest, or both.
Fixed Interest Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes	Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR, EURIBOR or EUR CMS (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Interest Periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
Other Notes	Terms applicable to high-interest Notes, low-interest Notes, step-up Notes and step-down Notes will be set out in the relevant Pricing Supplement.
Redemption by Instalments	The Pricing Supplement issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the days on which, and the amounts in which, such Notes may be redeemed.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and, if so, the terms applicable to such redemption as described in "*Terms and Conditions of the Notes — Redemption, Purchase and Options*".
Early Redemption	Except as provided in "*Optional Redemption*" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons, as described in "*Terms and Conditions of the Notes — Taxation*".
Consolidation	Notes of one Series may be consolidated with Notes of another Series, as described in "*Terms and Conditions of the Notes — Further Issues and Consolidation*".
Issue Price	Notes may be issued at their principal amount or at a discount or premium to their principal amount.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series. Further Notes may be issued in Tranches as part of an existing Series.
Initial Delivery of Notes	On or before the issue date for each Tranche, if the Global Note is a NGN or the Global Certificate is held under the NSS, the Global Note or the Global Certificate, as applicable, will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or (in the case of Notes intended to be cleared through Euroclear France and the "*intermédiaires financiers habilités*" authorised to maintain accounts therein) Euroclear France acting as central depositary. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system *provided that* the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

	Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Governing Law	The Notes are governed by English law. The Guarantee is governed by the laws of Belgium.
Jurisdiction	In respect of the Notes, the Issuer has submitted to the jurisdiction of the Courts of England. The courts of Brussels have exclusive jurisdiction to settle any disputes relating to the Guarantee.
Listing and Admission to Trading	Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Regulated Market or as otherwise specified in the relevant Pricing Supplement and references to listing shall be construed accordingly. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.
Clearing Systems	Clearstream, Luxembourg, Euroclear, Euroclear France and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
Taxation	All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, Receipts or Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If the Issuer is required to make a withholding or deduction with respect to any French taxes, duties, assessments or governmental charges of whatever nature, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holders of Notes, Receipts or Coupons after such withholding or deduction, receive the full amount then due and payable except that no additional amounts shall be payable in certain circumstances more fully described in Condition 8 of the "*Terms and Conditions of the Notes*". If the Issuer is required to make a withholding or deduction with respect to any French taxes, duties, assessments or governmental charges of whatever nature and as a result is required to pay additional amounts to holders of Notes, Receipts or Coupons it may, and in certain circumstances shall, as more fully described in Condition 8 of the "*Terms and Conditions of the Notes*", redeem all (but not some only) of the outstanding Notes.

No additional amounts will be payable by the Guarantors if any payments in respect of any Note or the Guarantee become subject to deduction or withholding in respect of any taxes or duties whatsoever.

Each prospective investor should carefully review the section entitled "**Taxation**" of this Information Memorandum.

Status of Notes	The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer.
Negative Pledge	The terms of the Notes will contain a negative pledge provision as described in "*Terms and Conditions of the Notes — Negative Pledge* ".
Events of Default	The Notes will contain only one event of default (where in certain circumstances the Guarantee is not or ceases to be in full force and effect) and in particular will not contain a cross-default provision in respect of other indebtedness of the Issuer. In any event, invoking an event of default resulting in an acceleration of the Notes may prejudice the ability of Noteholders to make a valid claim under the Guarantee. See the paragraph entitled "*No Acceleration rights against Guarantors*" immediately below, and "*Risk Factors — Factors relating to the Guarantee — No acceleration rights against Guarantors and consequences of accelerating against the Issuer*". See also "*Risk Factors — Factors Relating to the Notes — Only one Event of Default*".
No Acceleration rights against Guarantors	No grounds for acceleration of payment of the Notes, whether statutory (in particular in the case of judicial liquidation proceedings with respect to the Issuer) or contractual (in particular an event of default), will be enforceable against the Guarantors or any of them under the Guarantee. Consequently, a claim under the Guarantee may only be made in respect of amounts due and payable pursuant to the normal payment schedule of the Notes (it being understood that the effects of any early redemption provision which is not related to the occurrence of an event of default are deemed part of the normal payment schedule of the Notes) and subject to the other requirements described above. Moreover, claims made under the Guarantee will need to be resubmitted on all subsequent payment or maturity dates of the Notes. Furthermore, in order to be entitled to call upon the Guarantee, a Noteholder cannot have invoked or invoke any grounds for acceleration against the Issuer under the Notes, except where the grounds for acceleration of payment have arisen by operation of law without any action from Noteholders, for example in the event of the opening of judicial liquidation proceedings with respect to the Issuer. See the sections entitled "The Guarantee" and "*Risk Factors — Factors relating to the Guarantee — No acceleration rights against Guarantors and consequences of accelerating against the Issuer*" in this Information Memorandum.

Ratings

Tranches of Notes to be issued under the Programme may be rated or unrated. Details of the rating, if any, attributable to an issue of Notes will be set out in the applicable Pricing Supplement. Potential purchasers of Notes should consider the rating(s) (if any) applicable to a Tranche of Notes before making any decision to purchase such Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. In particular, the ratings of the Notes will be linked to the ratings of the Guarantors, and these Guarantor ratings may be suspended, changed or withdrawn at any time by the relevant rating agency.

Selling Restrictions

There are restrictions on the sale of Notes and the distribution of this Information Memorandum in various jurisdictions, including the United States, the United Kingdom, France and Japan. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Pricing Supplement.

The Issuer is Category 2 for the purposes of Regulation S. Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163 5(c)(2)(i)(D) (or any successor U.S. Treasure 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 "**D Rules**"), unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasure 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 "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "*registration required obligations*" for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Notes may only be initially subscribed by investors qualifying as "*Third-Party Beneficiaries*" (*Tiers Bénéficiaires*) under paragraph (a) or under paragraphs (c) to (f) of Schedule A to the Guarantee.

Method of Publication of the Pricing Supplement

The Pricing Supplement relating to Notes admitted to trading and/or offered to the public will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Pricing Supplement will indicate where the Information Memorandum and any other constituent documents thereof may be obtained.

Use of Proceeds

The net proceeds of the issue of the Notes under the Programme will be used to repay or refinance existing financing of the Issuer.

Risk Factors	Prospective investors should have regard to the section in this Information Memorandum entitled "*Risk Factors*" for a discussion of certain factors that should be considered in connection with investing in the Notes and the operation of the Guarantee.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme and the Guarantee, but does not represent that the statements below regarding the risks of holding any Notes and the Guarantee are exhaustive. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and the applicable Pricing Supplement and reach their own views in light of their financial circumstances and investment objectives prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes and the Guarantee prior to investing in Notes issued under the Programme.

Risk Factors Relating to the Guarantee

Investors should carefully consider the terms of the Guarantee included elsewhere in this Information Memorandum before investing in the Notes. In particular, investors' attention is drawn to the following considerations relating to the Guarantee.

The decision of the European Commission to approve the Guarantee may be annulled or revoked.

In its decision of 28 December 2012, the European Commission authorised the Guarantee pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union (the "**TFEU**"), subject to certain conditions (the "**Commission Decision**").

A non-confidential version of the Commission Decision was published on the Official Journal of the European Union on 12 April 2014. An electronic version thereof can be found at: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.110.01.0001.01.ENG.

The European Commission may revoke its decision if the Guarantors (and by implication the Issuer) fail to comply with the conditions to which such decision is subject, or if the European Commission considers that its decision was based on incorrect information. As such, no assurances can be given that there will not be an annulment or revocation of the Commission Decision or that any such annulment or revocation would not have an adverse effect on the Guarantee and Noteholders' rights thereunder. See "*Restructuring of the Dexia Group*".

The Guarantee is several and not joint and it sets State quotas and limits the maximum amount of the Guarantee.

The Guarantee is shared among three States (Belgium, France and Luxembourg) as Guarantors and the obligations of each of these Guarantors under the Guarantee are several, but not joint, and will be divided among them, each to the extent of its percentage share, as set out in Clause 3 of the Guarantee. Consequently, if the Guarantee is called, each Guarantor will be obliged to fulfil its payment obligation under the Guarantee only to the extent of its proportional commitment set out in the Guarantee, and will not be required to increase its payment to account for any shortfall in the payment by any other Guarantor. The Guarantee obligations of each Guarantor are as follows: Belgium – 51.41%, France – 45.59% and Luxembourg – 3%, of the payment obligations of the Issuer in principal, interest and incidental amounts, corresponding to guaranteed amounts in principal of EUR 43.6985 billion, EUR 38.7515 billion and EUR 2.55 billion, respectively. The aggregate principal amount payable under the Guarantee is currently capped at EUR 85 billion for all obligations (including the Notes), with interest and other incidental amounts covered beyond this cap.

The outstanding principal amount of the guaranteed debt is disclosed on a daily basis on the website of the Belgian National Bank (http://www.nbb.be/DOC/DQ/warandia/index.htm). As of 30 June 2016, aggregate outstanding Guaranteed Obligations (as defined in "*The Guarantee*) amounted to EUR 68.2 billion in principal.

The Guarantee contains conditions for benefiting from and making claims under it.

The Guarantee was entered into by the Guarantors on 24 January 2013 (see "*The Guarantee* "). In order to benefit from the Guarantee, Notes must be issued on or before 31 December 2021, with a maturity not exceeding ten years and must be originally issued to and subscribed by "Third Party Beneficiaries" as defined in Schedule A to the Guarantee.

Any demand for payment under the Guarantee must be accompanied by the information and documentation required by Clause 4(b) of the Guarantee, and otherwise be made in accordance with the Guarantee. In particular, any demand for payment under the Guarantee, satisfying the documentary requirements set out above, must be made no later than the 90th day following the date on which the amount for which payment is requested under the Guarantee became due and payable in accordance with the normal payment schedule of the Notes. Consequently, any claim under the Guarantee must be made within such 90-day limitation period in order to be valid.

Due to the several nature of the Guarantee, any Guarantee call or other notification to the States must be delivered to each of the States.

Investors in the Notes are reminded that, while such Notes are represented by a Global Note or a Global Certificate, any claims and/or demands for payments under the Guarantee must be exercised through, and in accordance with, the standard procedures of Euroclear, Clearstream, Luxembourg, Euroclear France or any other clearing system through which the Notes are cleared. Accordingly, such holders must notify and liaise with their financial intermediary and/or custodian in order to ensure that the necessary steps are taken to validly exercise their rights under the Guarantee in a timely manner and are solely responsible for so doing.

Noteholders have no acceleration rights against the Guarantors and may lose their right to call upon the Guarantee as a result of accelerating against the Issuer.

No grounds for acceleration of payment of the Notes, whether statutory (for example, in the case of judicial liquidation proceedings with respect to the Issuer) or contractual (for example, in the case of any event of default, event of termination or cross-default), will be enforceable against the Guarantors or any of them under the Guarantee. Consequently, a claim under the Guarantee may only be made in respect of amounts which have become due and payable pursuant to the normal payment schedule of the Notes and subject to the other requirements described above. As a result thereof, any demand for payment under the Guarantee needs to be renewed in connection with all subsequent dates on which a payment under the Notes by the Issuer is due and payable under the normal payment schedule but remains unpaid.

Furthermore, in order to be entitled to call upon the Guarantee, a Noteholder cannot have invoked or invoke any grounds for acceleration towards the Issuer under the Notes, except where the grounds for acceleration of payment have arisen by operation of law without any action from Noteholders, for example in the event of certain judicial liquidation proceedings with respect to the Issuer.

See, in particular, Clause 2 of the Guarantee set out below in the section "*The Guarantee*".

There is no gross-up for withholding tax if the Guarantee is called upon.

No additional amounts will be payable by the Guarantors if any payments payable under the Notes or under the Guarantee become subject to deduction or withholding in respect of any taxes or duties whatsoever.

Payments under the Guarantee may be subject to withholding tax.

Without prejudice to what is set out under "*Taxation*" below, applying a withholding to payments under the Guarantee by the Guarantors would limit the budgetary impact of the Guarantee being called for the States of Belgium, France and Luxembourg (the "**States**"), as the terms of the Guarantee provide that there is no gross-up obligation in the case of withholding.

Taking this into account, in the absence of existing authority in Belgium (i) there is a measure of uncertainty as to whether the Belgian State would apply interest withholding tax on the portion of payments made under the Guarantee which constitutes a substitute for interest payments that should have been made by the Issuer, and (ii) although there are no precedents which can be relied on, there is a risk that the Belgian State would apply a strict reading of Article 228, §3 of the Belgian Income Tax Code 1992 and levy professional withholding tax on payments it makes under the Guarantee to certain non-resident investors (see "*Taxation—Belgian Taxation—Application of Article 228, §3, of the Belgian Income Tax Code 1992 to payments made to Belgian non-residents under the Guarantee* below).

In such circumstances, non-resident investors who cannot credit the withholding tax against Belgian income tax (such as non-resident investors who are not investing in the Notes through a Belgian branch) would need to file an administrative appeal to claim a refund (i) in the case of interest withholding tax, based on the argument that payments under the Guarantee are not interest payments and/or based on the applicability of the exemption for interest paid by the Belgian State to non-resident investors who are not investing through a Belgian branch in respect of loans and claim-rights that are not represented by securities, and (ii) in the case of professional withholding tax, based on the fact that Belgium is not entitled to tax guarantee payments under the applicable double tax treaty or that the guarantee income is effectively taxed in the investor's state of residence and/or based on the argument that guarantee payments were not intended to be caught by Article 228, §3 BITC/92, as evidenced by the preparatory works.

There is no existing authority addressing the withholding tax treatment of payments made by the French State as Guarantor. Pursuant to the general principles of French tax law, such payments should not be subject to the withholding tax under article 125 A III of the French General Tax Code provided that they are not made in a non-cooperative State or territory within the meaning of article 238-0A of the French General Tax Code and that the relevant Noteholder is neither domiciled (*domicilié*) nor established (*établi*) in such a State or territory (see "*French Taxation—Payments made by the State of France as Guarantor*" below).

The Guarantee is subject to specific governing law and jurisdiction.

Whereas the Notes are governed by, and shall be construed in accordance with, English law, and the Courts of England have jurisdiction to settle any disputes which may arise out of or in connection with them, the Guarantee is governed by the laws of Belgium and the courts of Brussels have exclusive jurisdiction to settle any disputes relating thereto. Consequently, legislation and rules of interpretation applicable to the Notes and the Guarantee may differ, and any proceedings in respect thereof may need to be initiated before separate courts.

The Guarantee is subject to limitations on actions against the Guarantors, including, but not limited to, the Guarantors benefitting from sovereign immunity.

Pursuant to the Guarantee, each of the Guarantors waives its right to invoke any defences that the Issuer could assert against Security Holders (as defined under the Guarantee) to refuse payment. However, none of the Guarantors waives any immunity from jurisdiction in the United States for any purpose. Each of the Guarantors is subject to suit exclusively in competent courts in Brussels, Belgium, in accordance with the Guarantee.

The Belgian State does not enjoy immunity from judgments rendered against it, recognised and enforced by the courts of Belgium in accordance with Council Regulation (EU) No. 44-2001 of 22 December 2001 ("**Brussels I Regulation**"). It benefits from immunity from enforcement, attachment or seizure of its property pursuant to Article 1412bis of the Belgian Judicial Code and public law principles. This immunity from enforcement means the assets of a public law entity (such as the Belgian State) cannot be seized to pay its debts. However, this is not without exception and under article 1412bis of the Belgian Judicial Code, the following public assets are, nevertheless, subject to seizure:

- assets expressly declared to be seizable by the public entity that owns them (the public entity must formally list the assets that may be seized); and

- if a list of expressly declared seizable assets does not exist, or if the listed assets are not sufficient to settle the outstanding debt, those assets which are obviously not necessary (i) for performing the public service tasks or (ii) to guarantee the continuity of the public service.

Very few authorities have made a list of seizable assets and the Issuer is not aware of any publicly available list in relation to the assets of the Belgian State.

Case law restrictively interprets the exemption related to the assets that are obviously not necessary for performing the public service tasks or guaranteeing the continuity of the public service.

The French State does not enjoy immunity from judgments rendered against it, recognised and enforced by the courts of France in accordance with the Brussels I Regulation. However, the French Republic benefits from immunity from attachment or seizure of its assets, and enforcement of judgments against the French Republic is subject to a special procedure established by the *Code de Justice Administrative* and applicable law, such as French law No. 80-539 of 16 July 1980 on periodic penalty payments imposed in administrative courts decisions and on the enforcement of judgments against legal entities governed by public law.

The Grand Duchy of Luxembourg does not enjoy immunity from judgments rendered against it, recognised and enforced by the courts of the Grand Duchy of Luxembourg in accordance with the Brussels I Regulation. However, under the present laws of Luxembourg, the property of the Grand Duchy of Luxembourg benefits from immunity from enforcement, attachment or seizure proceedings of private law. Such immunity protects the assets of the Grand Duchy of Luxembourg that are designated for the performance of missions of public authority or of public service (even where the acts of the Grand Duchy of Luxembourg have been of a private or commercial nature or, in other words, performed on a *jure gestionis* basis). These assets are presumed to be of a public nature and therefore sovereign. However, assets of the Grand Duchy of Luxembourg forming part of an estate that has been allocated to a principal activity of a private or commercial nature may be attached by creditors of the Grand Duchy of Luxembourg unless the Grand Duchy of Luxembourg proves that the assets are sovereign in nature or, in other words, that the assets have been allocated to, or have been managed in the context of, a public authority mission or a public service mission. State immunity from enforcement has not been specifically considered by the Luxembourg courts or by Luxembourg legal literature. It is, therefore, necessary to form a view on the basis of general principles of Luxembourg law and to draw on French and Belgian legal commentary and case law.

Risk Factors Relating to the Issuer as a subsidiary of the Dexia Group

Macro-risks in the European Union and risks regarding European sovereign debt could have unforeseen negative consequences on the Issuer.

In Europe, the economic recovery which began at the end of 2014 was sustained by low interest rates and oil prices, as well as by accommodating monetary policies. Despite a clear improvement compared with previous years, economic growth in the euro zone nonetheless remains weak, with a slowdown observed in the second half of 2015. Low inflation, weak exports, the economic slowdown in emerging markets and geopolitical developments, particularly in the Middle East, contributed to this weakening of the economy. Furthermore, the crisis linked with the uncertainties as to Greek debt in the first half of 2015 highlighted the persistence of the poor political and budgetary integration of Member States. Against this background, the European States continued in their efforts to reduce public deficits over the year. Nevertheless, such efforts became less of a priority, considering the weakness of the recovery and the budget choices made to deal with security threats.

There is no certainty that the new, tighter budgetary rules to enforce economic discipline and deepen economic integration outlined in the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, or any mechanisms available or to be made available within the Eurozone, will resolve the adverse market sentiment or weak macroeconomic conditions. Continued concerns regarding the stability of the Eurozone could materially adversely impact the Issuer by increasing its capital needs while at the same time reducing its access to funding markets and/or increasing its available for sale reserve, thereby impacting its regulatory capital depending on the relevant regulation. Similarly, more conservative assumptions as to an improvement of the Issuer's ratings and/or a general tightening of credit spreads would negatively impact the Issuer's results as well as its available liquidity reserves and would increase the level of regulatory capital it requires.

If economic and financial conditions in the European Union or the Eurozone component of the European Union deteriorate, or if fears persist that one or more European Union/Eurozone members will default or restructure its or their indebtedness, or in the case of Eurozone members be forced or choose to withdraw from the Eurozone, the cost and availability of funding available to European banks, including the Group and the Issuer, may be adversely affected, and such events could otherwise materially adversely affect the Issuer's results, including the value of its assets and liabilities, and have other unforeseen consequences relevant to holders of the Notes.

A number of exceptional measures taken by governments, central banks and supervisors have recently been or could soon be completed or terminated, and measures at the European level face implementation risks.

In response to the financial crisis, governments, central banks and supervisors implemented measures intended to support financial institutions and sovereign states and thereby stabilise financial markets. Central banks took measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historic lows for a prolonged period.

Various central banks decided to substantially increase the amount and duration of liquidity provided to banks, loosen collateral requirements and, in some cases, implement "non-conventional" measures to inject substantial liquidity into the financial system, including direct market purchases of government bonds and mortgage-backed securities and (since June 2016) corporate bonds. These central banks may decide, acting alone or in coordination, to modify their monetary policies or to tighten their policies regarding access to liquidity, which could substantially and abruptly decrease the flow of liquidity in the financial system. Although the Orderly Resolution Plan (as defined below) assumes a more restrictive access to central bank funding, such changes could have an adverse effect on Group's financial condition and results of operations. See "*Dexia Crédit Local—Orderly Resolution Plan*".

The Dexia Group is in orderly resolution and its ability to successfully complete its Orderly Resolution Plan is significantly dependent on external factors.

Following the accelerating sovereign debt crisis in Europe, Dexia experienced serious refinancing difficulties in autumn 2011, leading it to announce the orderly resolution of its activities with the support of a liquidity guarantee by the States of Belgium, France and Luxembourg. The government guarantee scheme (as well as other sovereign support measures such as the December 2012 EUR 5.5 billion capital increase of Dexia subscribed by the Belgian and French States) was considered by the European Commission to involve the provision of State Aid (within the meaning of Article 107 of the TFEU) to the Group, which resulted in the requirement for the submission of an orderly resolution plan to the European Commission for approval under EU State Aid rules. The States of Belgium, France and Luxembourg initially submitted their plan to the European Commission on 21 March 2012. Following active discussions between the States and the European Commission on the future of the Dexia Group, certain hypotheses and principles in the business plan underlying the plan submitted by the States to the European Commission in March 2012 were changed. This resulted in a revised orderly resolution plan (the "**Orderly Resolution Plan**") being submitted to the European Commission on 14 December 2012, which was approved on 28 December 2012.

A summary description of the Orderly Resolution Plan can be found in the press release of 31 December 2012, which is available on the website of Dexia at:

http://www.dexia.com/EN/journalist/press_releases/Pages/default.aspx

The non-confidential version of the decision was published by the European Commission in 2014 and is available at:

http://ec.europa.eu/competition/state_aid/cases/235395/235395_1520674_699_2.pdf

The Orderly Resolution Plan, in essence, consists of the sale of those main commercial franchises considered to be viable in the long term and management in run-off of the other franchises without new production (except in limited circumstances). The downsizing of the Dexia Group's balance sheet and other measures adopted as a result of the implementation of the Orderly Resolution Plan may give rise to challenges by shareholders and creditors of the Dexia Group and the Issuer. These challenges may include allegations of default on outstanding debt. If such challenges are successful, the Dexia Group's ability to realise the intended benefits of the Orderly Resolution Plan may be adversely affected. As a result of the Orderly Resolution Plan, the Dexia Group no longer has any commercial activities and has disposed of all entities in line with the commitments undertaken by the States, with Dexia Crediop being managed in run-off since July 2014. Having reached its target resolution scope, Dexia is now focused on managing its assets in run-off, under a simplified governance structure and organisation.

The orderly resolution of the Dexia Group will have to be managed on a long-term basis given the nature and the maturity profile of its remaining assets, the financial plan setting out a trajectory for the asset portfolio to be gradually reduced to approximately EUR 91 billion by end of 2020. Over that period, the Dexia Group's ability to complete the Orderly Resolution Plan successfully, and thus avoid a disorderly liquidation, remains heavily dependent on a number of external factors over which Dexia Group has little or no control, including: (i) the accuracy of the macro-economic assumptions underlying the Orderly Resolution Plan; (ii) the evolution of interest rates and the credit environment; (iii) the preservation of the banking licences of the Issuer and any of the credit institutions within the Dexia Group; (iv) the maintenance of all ratings within the Group; (v) substantial access by Dexia

Group to the capital markets, allowing Dexia Group to finance a substantial portion of its assets through the repo market, and to issue significant amounts of government guaranteed bonds in the capital markets, and (vi) regulatory and accounting developments, in particular the implementation of the IFRS 9 accounting standard and liquidity requirements.

The plan was formulated on the basis of market data observable at the end of September 2012; the underlying macroeconomic assumptions are reviewed as part of the semi-annual reviews of the entire plan. In particular, the updates made in 2015 take into account an updated funding plan based on the most recent market conditions. They also incorporate regulatory developments to date, such as the final version of the CRD IV Directive and the implementation of the IFRS 9 accounting standard from 2018, based on assumptions known to date. An updated business plan on the basis of data available as at 30 June 2015 and validated by the Issuer's Board of Directors on 19 November 2015 led to certain adjustments but did not lead to any significant deviation over the term of the plan compared to the plan initially validated by the European Commission. However, any significant deviation from one or more of these assumptions underlying the plan could have a material adverse impact on the Dexia Group and on the Issuer's financial condition and results of operations. Consequently, the Issuer's ability to meet its payment obligations under the Notes could be adversely affected.

The Issuer is exposed to market risks, which could have a material adverse impact on its financial condition and results of operations.

The Issuer and the Group can be exposed to market risks such as the weak market conditions caused by the European sovereign debt crisis, or changes in interest rates, foreign exchange rates and bond and equity prices. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing rates, the impact of which may be heightened during periods of liquidity stress, such as those experienced in the past three years.

As market conditions change, the fair value of the Issuer's or the Group's exposures to counterparties could fall further and result in additional losses or impairment charges, which could have a material adverse effect on the Issuer's or the Group's financial condition and/or results of operations (see also "*—The Group and the Issuer are exposed to concentration risk*"). Such losses or impairment charges could derive from: a decline in the value of exposures; a decline in the ability of counterparties, including monoline insurers, to meet their obligations as they fall due; or the ineffectiveness of hedging and other risk management strategies in circumstances of severe stress.

The Group is exposed to fluctuations in its cash collateral requirements.

The Group has a very significant derivatives portfolio (notional amount of approximately EUR 371 billion as at 31 December 2015), consisting primarily of interest rate derivatives. That portfolio generates a cash collateral requirement that is highly sensitive to fluctuations in foreign exchange rates and interest rates, in particular the 10-year euro and pound sterling long term interest rates.

While the depreciation of the euro and the decline of oil prices were positive developments for the European economy, GDP growth forecasts for the Eurozone continue to be constrained by limited public investment stemming from the deficit reduction policies being pursued by a majority of the member states of the Eurozone. With this backdrop and in order to curb deflationary pressures, the ECB continued with its accommodating monetary policy in 2015, as witnessed by (i) the announcement on 22 January 2015 of an asset repurchase programme totalling EUR 60 billion per month of public and private debt over a period of 19 months, which was expanded to EUR 80 billion as of April 2016 and, since June 2016, a minimum of EUR 7 billion per month of corporate bond purchases, and (ii) interest rates on the main refinancing operations, the marginal lending facility and the deposit facility remaining unchanged throughout 2015. As of 16 March 2016, the ECB decreased these interest rates by five, five and 10 basis points, respectively.

This context resulted in historically low interest rates in the Eurozone and the depreciation of the euro as well as highly volatile foreign exchange markets.

Following these developments, Dexia was required to post higher net cash collateral to market counterparties. Collateral posting reached EUR 35 billion as of 31 March 2016, representing an increase of EUR 3 billion from 31 December 2015 and of EUR 4 billion from 31 December 2014.

Significant deviations in those foreign exchange and interest rates from the levels assumed in the Orderly Resolution Plan would increase the Group's and the Issuer's funding needs and costs, and have a material adverse effect on their financial condition and results of operations.

Dexia's business plan remains exposed to the evolution of the macroeconomic environment. A 10 basis point decline in interest rates over the entire yield curve would result in an immediate increase of approximately EUR 1 billion in the Group's and DCL's liquidity requirement due to the need to post higher cash collateral, assuming no deviation from any of the other hypotheses or principles underlying the Orderly Resolution Plan (see "—*The Dexia Group is in orderly resolution and its ability to successfully complete its Orderly Resolution Plan is significantly dependent on external factors*" and "—*The results of operations of the Dexia Group and the Issuer are heavily dependent on their ability to maintain their funding mix and cost of funding at the levels assumed by the Orderly Resolution Plan*").

As a financial institution in run-off, the Group is particularly vulnerable to fluctuations in external factors such as interest and exchange rates.

As required by the European Commission decision, the Orderly Resolution Plan contemplates that the Dexia Group will not engage in new production except under very limited circumstances. Because the Dexia Group can no longer engage in any meaningful production, its ability to actively manage its assets and liabilities is substantially constrained as compared to a commercially active credit institution, and both its balance sheet and its off-balance sheet commitments are particularly vulnerable to fluctuations in external factors such as interest rates and exchange rates (see "— *The Group is exposed to fluctuations in its cash collateral requirements*" above).

Adjustments to the carrying value of the Issuer's securities and derivatives portfolios could have a material impact on its net income and shareholders' equity.

The carrying value of the Issuer's securities and derivatives portfolios and certain other assets in its balance sheet is adjusted as of each financial statement date. Most of the adjustments are made on the basis of changes in fair value of the assets during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the value of other assets, affect its net banking income and, as a result, its net income. All fair value adjustments affect shareholders' equity and, to some extent, may impact capital adequacy ratios pursuant to the relevant regulations. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be needed in subsequent periods. Significant adjustments could have a material adverse effect on the Issuer's and the Dexia Group's financial condition and result of operations which could in turn affect the Issuer's ability to meet its payment obligations under the Notes.

The Dexia Group has a significant level of encumbered assets and the encumbrance of assets may remain at a significant level going forward.

The structure of the Dexia Group's funding has evolved significantly since the beginning of the resolution process. In 2011 and 2012, the Dexia Group lost its retail deposits following the sale of Dexia Bank Belgium (now Belfius Bank), Banque Internationale à Luxembourg and DenizBank. In 2013 and 2014, the Dexia Group managed to increase substantially the issuance of government guaranteed funding and the development of secured funding using the repo market. In 2015, despite adverse circumstances generating high volatility in its funding requirements, DCL managed to exit the exceptional funding mechanisms made available to it when it entered its resolution plan and reduced significantly its use of central bank funding; however, it did not reduce the percentage of encumbered assets on its balance sheet.

At the end of March 2016, guaranteed funding and secured funding each represented 41% of total Dexia Group funding compared to 37% and 42%, respectively, in December 2015 and 31% and 38%, respectively, in December 2014. At 31 March 2016, central bank funding was reduced to 7% of total Dexia Group funding, compared to 10% in December 2015 and 20% in December 2014.

No collateral is posted to the States as part of the government guaranteed transactions.

Liquidity risks could have an adverse effect on the Issuer's ability to raise new funding and on the Issuer's and the Dexia Group's financial condition and results of operations.

Liquidity risk is the risk that the Issuer will experience difficulty in financing its assets and/or meeting its contractual payment obligations as they fall due, or will only be able to do so at substantially above the prevailing market cost of funding. This risk is inherent in banking operations generally, but it is especially acute in the case of the Issuer, given its substantial short-term funding needs. The Issuer's liquidity may be impacted as a result of a reluctance of the Issuer's counterparties or the market to finance the Issuer's operations due to actual or perceived weaknesses in the Issuer's financial condition or prospects.

The most recent update of the Dexia Group's business plan shows a surplus liquidity position throughout the life of the plan. This liquidity surplus was impacted in 2015 by the volatile cash collateral needs and high levels of amortisations and funding redemptions. At the beginning of 2016, Dexia and Dexia Crédit Local's liquidity needs increased due to higher cash collateral that was required to be posted to market counterparties. Collateral posting reached EUR 35 billion as of 31 March 2016, representing an increase EUR 3 billion compared to 31 December 2015. See "*Dexia Crédit Local—Recent developments—Evolution of the funding profile*".

As at 31 December 2015, DCL had a liquidity buffer of EUR 6.3 billion, including EUR 2.1 billion of assets eligible for ECB refinancing. By 31 March 2016, the liquidity reserve was EUR 14.5 billion. At the same date, the DCL also had EUR 6.6 billion of assets eligible for central bank refinancing.

Negative perceptions concerning the Issuer's financial condition or prospects could develop as a result of material unanticipated losses, changes in its credit ratings, a general decline in the level of business activity in the financial services sector, regulatory action as well as many other reasons. The risk can be heightened by an overreliance on a particular source of funding (including, for example, short term funding) or other factors, such as a high sensitivity to fluctuations in foreign exchange rates or interest rates. See "*—The Group is exposed to fluctuations in its cash collateral requirements*" above. Such impacts can also arise from circumstances outside the Issuer's control. In particular, the Issuer is sensitive to any negative perception of European sovereign credit ratings and especially the ratings of France and Belgium, given the importance of government guaranteed funding for the Issuer. Disruption in the financial markets, negative developments concerning other financial institutions, negative views on the financial services industry in general, disruptions in the markets for any specific class of assets or major events or disasters of global significance may also have a negative impact on the Issuer's liquidity situation.

Changes in the Group's accounting policies or in accounting standards could materially affect how the Issuer reports its financial condition and results of operations.

From time to time, the International Accounting Standards Board (the "**IASB**") and/or the European Union change the financial accounting and reporting standards that govern the preparation of the Group's financial statements. These changes can be difficult to predict and can materially impact how the Group records and reports its financial condition and results of operations. In some cases, the Group could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. By way of example, the IASB has issued amendments to a number of standards which remain to be endorsed by the European Union and which, when endorsed and applicable to Dexia and DCL, are expected to impact their financial statements. As from June 2013, the application of IFRS 13 and the changes of the parameters used for the valuation of derivatives led, for example, to a significant volatility in Dexia and DCL's quarter-by-quarter income, depending on market conditions. These changes give rise to latent gains or losses booked to net banking income. For DCL, accounting volatility elements amounted to EUR 523 million for the year 2015. This amount is strongly correlated to the positive evolution of market parameters, essentially the valuation of collateralised derivatives on the basis of an OIS curve, the Credit Valuation Adjustment (CVA), the Debit Valuation Adjustment (DVA) and own credit risk, partially offset by the impact of the Funding Valuation Adjustment (FVA) (EUR (106) million). In 2014, those elements represented a negative contribution of EUR (343) million.

In the first quarter of 2016, accounting volatility elements generated a negative income of EUR (14) million at the level of the Dexia Group.

The implementation of IFRS 9 as from 1 January 2018 will have an impact on Dexia's and DCL's financial statements. The impact is currently being assessed. Changes introduced by IFRS 9 include:

- on the asset side, a model for the classification and measurement of financial assets that is driven by the business model for managing such assets and its contractual cash flow characteristics;

- on the liability side, recognition in other comprehensive income of changes in the fair value attributable to own credit risk on financial liabilities designated as at fair value through profit or loss;

- a single impairment model; and

- a substantially-reformed approach to hedge accounting.

The IASB may make other changes to financial accounting and reporting standards that govern the preparation of the Group's and DCL's financial statements, which may be adopted if determined to be appropriate by Dexia Group management, or which the Dexia Group may be required to adopt. Any such change in the Dexia Group's accounting policies or accounting standards could materially affect its reported financial condition and results of operations.

A downward change by the rating agencies in the rating of the Guarantors and/or, the Issuer may have negative consequences on the Dexia Group's financial condition.

Dexia is a financial institution in resolution, subject to the Orderly Resolution Plan. Its funding plan relies primarily on repos, central bank funding and the issuance of guaranteed debt. The rating of the debt issued under the Guarantee is aligned with the rating of the lowest rated of the three Guarantors (*i.e.*, currently Belgium).

The ability of the Dexia Group to execute the Orderly Resolution Plan will depend on a variety of conditions including, but not limited to, the stability of DCL's rating, the stability of the ratings of the Guarantors as well as the preservation of its banking licence.

If these conditions are not met, the Issuer may face a higher cost of funding for the debt issued under the Guarantee or may not be able to continue to issue debt under the Guarantee, which may in turn impair its ability to execute the Orderly Resolution Plan.

The results of operations of the Dexia Group and the Issuer are heavily dependent on their ability to maintain their funding mix and cost of funding at the levels assumed by the Orderly Resolution Plan.

In 2011 and 2012, the deteriorating financial environment on top of the worsening European sovereign debt crisis and successive rating actions increased pressure on the Group's liquidity and led Dexia to seek the implementation of a funding guarantee provided by the States of Belgium, France and Luxembourg (see "*Dexia Crédit Local—Orderly Resolution Plan*"). The year ended 31 December 2013 saw a significant improvement in the liquidity situation of DCL allowing the Group to reduce the level of central bank funding. In 2014, DCL's funding mix continued to gravitate towards guaranteed and secured funding. In 2015, despite adverse circumstances generating high volatility in its funding requirements, DCL managed to exit the exceptional funding mechanisms made available to it when it entered its resolution plan and reduced significantly its use of central bank funding. As at 31 March 2016, guaranteed and secured funding represented 82% of total Group funding compared to 79% as at 31 December 2015 and to 69% as at 31 December 2014. Central bank funding was reduced to 7% of total Dexia Group funding as at 31 March 2016, compared to 10% as at 31 December 2015 and 20% as at 31 December 2014.

The Orderly Resolution Plan contemplates a particular funding mix (with respect to the type and maturity of the various funding sources of Dexia Group, including, for example, central bank financing, repo, government guaranteed bond issues and the relative proportion of each source in the Dexia Group's overall financing), and assumes funding costs based on that funding mix and on the expected cost of each component of that mix. If market demand for government-guaranteed debt declines, the Group may need to turn to more costly funding sources which would directly impact the profitability assumed in the original business plan. The coming years will remain uncertain in the context of greater exchange rate volatility and very low interest rates. Should the Dexia Group be unable to achieve the desired funding mix, or should the cost of certain types of funding be higher than contemplated by the Orderly Resolution Plan, the Group and the Issuer's results of operations and financial condition would be materially adversely impacted.

Instability of other financial institutions could have an adverse effect on the Group's ability to raise new funding.

As a credit institution, the Issuer is exposed to the creditworthiness of its customers and counterparties. The Issuer may suffer losses related to the inability of its customers or other counterparties to meet their financial obligations. Most of the outstandings concern customers in the local government sector, which is subject to specific controls relating to its public nature.

The Dexia Group and the Issuer are and will continue to be subject to the risk of deterioration in the commercial soundness or perceived soundness of other financial services institutions within and outside the main markets in which the Group operates. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as 'systemic risk' and could have an adverse effect on the Group's ability to raise new funding and on the Group's results, financial condition and prospects.

The Issuer is exposed to many different counterparties in the normal course of its business; its exposure to counterparties in the financial services industry is therefore significant. This exposure can arise through lending, deposit-taking, clearance and settlement and numerous other activities and relationships. These counterparties include institutional clients, brokers and dealers, commercial banks, investment banks and mutual funds. Many of these relationships expose the Issuer to credit risk in the event of default of a counterparty or client. In addition, the Issuer's or Dexia Group's credit risk may be exacerbated when the collateral it holds cannot be realised at, or is liquidated at prices not sufficient to recover, the full amount of the loan or derivative exposure it is due to cover, which could in turn materially adversely affect the Issuer's financial condition and results of operations and consequently its ability to meet its payment obligations under the Notes. Many of the hedging and other risk management strategies utilised by the Issuer also involve transactions with financial services counterparties.

The Issuer cannot assume that it will not have to make significant additional provisions for possible bad and doubtful debts in future periods. The weakness or insolvency of these counterparties may impair the effectiveness of the Issuer's or Dexia Group's hedging and other risk management strategies, which could in turn affect the Issuer's ability to meet its payment obligations under the Notes.

The Group and the Issuer are exposed to concentration risk.

The Issuer considers that its asset portfolio is of good credit quality overall with 87% of exposures rated "investment grade" as at 31 March 2016. Calculated as the ratio of cost of risk to total Group exposure, the cost of risk is limited at 3.2 basis points as at 31 March 2016[1], against 10.5 basis points as at 31 December 2015[2].

However, the Group and the Issuer remain significantly exposed to concentration risk, especially in relation to sovereigns and the public sector, which represented respectively 52% and 18% of the Issuer's total credit risk exposure (EAD[3]) as at 31 March 2016. DCL's exposure to sovereigns is focussed primarily on Italy and the United States and, to a lesser extent, on Portugal, France, Poland, Japan, Hungary and Spain.

In addition, the portfolio contains certain geographical concentrations: the United States (EUR 33.0 billion), Italy (EUR 27.8 billion), the United Kingdom (EUR 26.1 billion), France (EUR 24.1 billion) and Germany (EUR 22.9 billion), representing 20%, 15%, 14%, 13% and 12%, respectively, of the Issuer's total credit risk exposure at 31 March 2016.

A significant deterioration of the risks on any of the countries or counterparties to which the Issuer is exposed to concentration risk, and any rating downgrades or defaults resulting therefrom, would have a material adverse impact on the cost of risk of the Group and the Issuer, their available-for-sale ("**AFS**") reserves or their risk weighted assets, and would also have a negative impact on their regulatory ratios and consequently, on the Issuer's financial condition and results of operations.

The Issuer is exposed to currency/exchange rate costs and related exposures.

A substantial portion of the Issuer's assets are denominated in currencies other than the euro, thus requiring the Group to have access to funding in those currencies. Should the Group not be able to raise funding in the relevant currencies (primarily GBP and USD), or should the exchange rates between the euro and those currencies vary significantly from the rates assumed by the Orderly

1 On average, over 12 sliding months.
2 On average, over 12 sliding months.
3 The Exposure at Default (EAD) corresponds to the best estimate of credit risk exposure at default for a counterparty. The EAD corresponds to (i) balance sheet assets' accounting book value gross of impairments, (ii) derivatives' mark-to-market plus regulatory add-ons and (iii) off-balance-sheet items' nominal amounts times a credit conversion factor.

Resolution Plan, this would have a material adverse effect on the Issuer's financial condition and results of operations.

Operational risks, including any systems failures or interruptions, could have a material adverse effect on the Issuer.

Operational risk is defined as the risk of loss arising from the inadequacy or failure of procedures, individuals or internal systems, or external events including, but not limited to, natural disasters and fires. It includes risk relating to the security of information systems, litigation risk and reputational risk.

Unforeseen events such as severe natural catastrophes, terrorist attacks or other states of emergency can lead to an abrupt interruption of the Issuer’s operations, which can cause substantial losses. Such losses can relate to property, financial assets, trading positions or key employees. Such unforeseen events can also lead to additional costs (such as relocation of employees affected) and increase the Issuer’s costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the Issuer’s risk.

As with most other banks, the Issuer relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or interruptions in the Issuer’s customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. The Issuer cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed.

Monitoring of the risks relating to the Issuer and its operations and the banking industry is performed jointly by the appropriate committees and the Risk Management department, with the help of tools that it develops, in compliance with the guidelines established by the Dexia Group and all legal constraints and rules of prudence. As regards the supervision of risks in the subsidiaries and branches, each entity has its own local risk management structure. These structures are strictly independent of the front-offices and report to the Issuer's Risk Management department either directly (branches) or functionally (subsidiaries). A failure of these risk management tools, or non-compliance with the risk management guidelines established by the Dexia Group could have a material adverse effect on the Issuer’s financial condition and results of operations.

In the case of the Group, operational risk is increased by several factors related to the evolution of the implementation of the Orderly Resolution Plan. These factors include (i) human resources, information technology and operational disruptions linked to the implementation of outsourcing projects and the simplification and/or centralisation operations carried out by the Group, and (ii) the overall decrease in staff levels across the Group.

The monitoring of operational risk and the preservation of operational continuity has been one of the key strategic priorities of the Dexia Group Company Project since its launch in 2013 (the "**Company Project**"). It is aimed at redefining the Group’s strategic objectives and its governance and providing the optimal operational model for the implementation of the Orderly Resolution Plan.

The Issuer may not be able to attract and retain skilled management and other personnel, thus increasing operational risk.

As an institution in run-off mode, the Issuer is operating with decreasing levels of staff while the complexity and magnitude of its activities remain significant. The Issuer may consequently experience difficulties in attracting and retaining personnel, including key personnel. A shortage of suitably qualified personnel may have a material adverse effect on the Issuer’s business, results of operations or financial condition.

The implementation of a more stringent bank regulatory framework, fully applicable to the Issuer notwithstanding its management in run-off pursuant to the Orderly Resolution Plan, adversely impacts the Issuer and the Dexia Group's current and future ability to comply with certain regulatory requirements, which could have a material adverse effect on the Issuer and lead to adverse consequences for Noteholders

The support granted by the States under the Orderly Resolution Plan, as approved by the European Commission on 28 December 2012, was calibrated to ensure continued compliance by the Dexia Group with the then applicable bank regulatory framework, as it was contemplated, at the time, to be amended in connection with the Basel III framework.

Prudential and accounting rules applying to the financial sector and to the operations of financial institutions became, after the adoption of the Orderly Resolution Plan, increasingly stringent and are likely to continue to evolve that way. In particular:

(i) The European Union, Governments and regulatory authorities in France, the United Kingdom, the United States, Belgium and elsewhere are introducing and implementing, or may in the future introduce, significantly more restrictive regulatory requirements, including refinements in respect of weighting an institution's assets according to their risk, new accounting and capital adequacy rules, liquidity requirements, rules addressing risk concentration and asset/liability mismatches, and new regulations on derivative instruments or on the valuation of certain financial instruments;

(ii) The evolution of accounting standards and market standards applying "fair-value" approaches has increased the volatility of Dexia Group's regulatory capital base, reducing the predictability of its evolution. This has therefore put pressure on Dexia Group's ability to meet solvency requirements under CRD IV;

(iii) The standalone capital requirements for a number of Dexia Group entities has increased following relevant supervisory authorities' application of various capital buffers (including Pillar 2 requirements), which act to impose additional capital requirements in excess of the CRD IV minimum.

These requirements apply in full to banks, including to banks that (like the Issuer) are subject to resolution plans adopted by the European Commission prior to the entry into force of CRD IV.

The combination of more stringent regulatory rules under CRD IV, which were not fully anticipated at the time of approval of the Orderly Resolution Plan, and the obligations and restrictions imposed on the Dexia Group under the Orderly Resolution Plan (in essence, the sale of the main commercial franchises considered to be viable in the long term and management in run-off of the other franchises without new production, except in limited circumstances) has adversely impacted the Dexia Group's ability to comply with certain requirements under CRD IV (See "*Basel III / CRD IV impacts the Dexia Group and the Issuer's capital ratios*" below). For instance, the Group's LCR, as at 31 December 2015, was equal to 54%, which is below the required minimum level under CRD IV.

In this context, it is uncertain whether Dexia will be able to restore compliance with LCR requirements and the Issuer cannot rule out the possibility that it, or other members of the Group, may not be able to ensure compliance with certain other regulatory requirements in the future, which may have a material adverse effect on the Issuer and lead to adverse consequences for Noteholders.

Material breaches to the bank regulatory framework could result in the resolution authority exercising early intervention tools or resolution tools, including write-down or conversion to equity of regulatory capital instruments and eligible liabilities, pursuant to the terms of the BRRD (See "*The Notes may be* *subject to write-down or conversion to equity in the context of a resolution procedure applicable to the Issuer*" below).

In addition, breaches to the bank regulatory framework could result in the ECB initiating enforcement action and consequently imposing sanctions against the Issuer, which may in turn have a material adverse effect on its operations and financial condition. Dexia and the ECB held discussions during 2015 and early 2016 regarding the current breach of the LCR requirements and potential other breaches. Having regard to Dexia's unique situation as a banking group in orderly resolution benefitting from a €85 billion liquidity guarantee from the States of Belgium, France and Luxembourg, no enforcement action was subsequently taken by the ECB against the Issuer in respect of such breach and, to the best knowledge of the Issuer and the Group, no such enforcement action is currently threatened in connection with such (or other) breach(es). However, no assurance can be given that the ECB's position will be maintained in the future, or will apply in connection with breaches of other regulatory requirements.

Should any enforcement action be initiated by the ECB in the future, current law and regulations would require it to comply with the proportionality principle and take into account the preservation of the financial stability of the Eurozone, as set out in the Single Supervisory Mechanism (SSM) and the SSM Framework Regulation. No assurance can be given, however, that the adoption of any such sanction would not have a material adverse effect on the Issuer.

Basel III / CRD IV impacts the Dexia Group and the Issuer's capital ratios.

The Basel III framework was implemented in the European Union through the adoption of a package of legislative reforms referred to as the CRD IV, which includes the Capital Requirements Regulation (Regulation (EU) No. 575/2013, the "**CRR**") and the Capital Requirements Directive IV (Directive 2013/36/EU, the "**CRD**"), as well as delegated legislation made under the CRR and the CRD, and applies to the Dexia Group as of 1 January 2014.

The CRD IV encompasses a far-reaching set of reforms aimed at strengthening regulation, as well as supervising and managing banking sectors better able to cope with crisis situations, primarily through stricter capital requirements, more restrictive definitions of capital, higher risk-weighted assets, new liquidity standards and the introduction of a non-risk related financial leverage ratio.

In accordance with the schedule defined by CRD IV, non-sovereign securities classified as "available for sale" ("**AFS**") are progressively taken into consideration in the calculation of regulatory capital over a period of five years from 1 January 2014 at 20% per annum cumulatively, *i.e.*, 40% in 2015 and 60% in 2016.

As a consequence, the application of the Basel III framework results in a decrease of the solvency ratios of the Issuer but they remain above the legal and regulatory minima. The Issuer's Common Equity Tier 1 ratio was 12.6% as at 31 December 2015 and 11.4% as at 31 March 2016.

In addition, Article 467 § 3 of Regulation (EU) No. 575/2013 authorises national discretion for the deductibility of AFS securities. DCL applies, with the consent of its supervisors, the exemption allowing the AFS reserve on sovereign securities not to be deducted from regulatory capital. In accordance with Regulation (EU) 2016/445 of the European Central Bank of 14 March 2016, such national discretion will come to an end on 1 October 2016. As from that date, DCL will have to take the AFS reserve on sovereign securities progressively into account in the calculation of its regulatory capital, in accordance with the timetable for implementation of CRD IV. As at 31 March 2016, the amount of the AFS reserve on sovereign securities was EUR (1.8) billion. Calculated without applying such national discretion, DCL's Common Equity Tier 1 ratio amounts to 9.3%. Due to the impact of the additional 20% deduction of the sovereign and non-sovereign AFS reserve from regulatory capital as at 1 January 2017, in line with the schedule provided by CRD IV, at such date

DCL’s solvency ratios are expected to reach their lowest level since the implementation of Basel III and the phasing out of the AFS reserve. However, such ratios are expected to increase again due to the implementation of IFRS 9 at the beginning of 2018.

The Belgian and French government recapitalisation and their role in relation to the implementation of the Orderly Resolution Plan could result in such States exerting their influence over the Group.

On 31 December 2012, the Belgian and French States completed their subscription for 28,947,368,361 new preference shares in the capital of Dexia (15,342,105,203 and 13,605,263,158, respectively), resulting in the Belgian and French States holding 50.02% and 44.40%, respectively. This operation resulted in a significant economic dilution of existing shareholdings. The capital increase resulted in the allocation to the States of preference shares giving them priority, in the amount of 8% of the nominal value of the shares per annum, on any future dividend distribution made by Dexia. The total dividend shortcomings compared to the 8% rate per annum would constitute a liquidation supplement giving the Belgian and French States a priority right to the distribution of any distributable net assets in case of liquidation. The new preference shares have the benefit of the same voting rights as existing ordinary shares. In addition to their significant shareholding, the Belgian and French States are subject to certain constraints under the Orderly Resolution Plan, which influence their dealings with the Dexia Group. See "*Dexia Crédit Local—Orderly Resolution Plan* ".

This significant holding by the Belgian and French States in Dexia's capital could result in such States exerting their influence over the Group in a manner which may not necessarily be aligned in all circumstances with the interests of other stockholders or holders of the Notes.

The Issuer is involved in lawsuits regarding structured loans, which may adversely affect its results of operations.

The Issuer is involved in a number of disputes with French local authorities and related entities to which it has granted so-called "structured" loans. As at 31 March 2016, 95 clients are engaged in proceedings against the Issuer in connection with structured loans (as compared to 221 clients as at 31 March 2015), of which 71 relate to structured loans held by CAFFIL (formerly Dexia Municipal Agency, a 100% subsidiary of the Issuer), a 100% subsidiary of SFIL, 19 relate to structured loans held by the Issuer and 5 relate to both institutions. Notwithstanding that the Issuer did not give any representation or warranty on the loans of CAFFIL at the time of sale of SFIL in January 2013, the Issuer, as legal representative of CAFFIL up to the time of sale, remains responsible for any damages granted to a borrower as a result of a proven breach by the Issuer of its obligations relating exclusively to the origination or the commercialisation of the structured loans held by CAFFIL up to the time of sale.

In view of the specific risk which might arise from the generalisation of the case law resulting from the ruling of 8 February 2013 of the Superior Court of Nanterre (*Tribunal de Grande Instance de Nanterre*) (failure to state the Effective Annual Percentage Rate ("**EAPR**") in the faxes or the interest rate applicable to an interest period), the French state decided to modify the legal framework relating to the structured loans.

The law on "the securing of structured loan contracts subscribed by legal entities under public law" was published in the Official Journal on 29 July 2014. It applies to the ongoing judicial procedures referred to above. This law contributes to securing the legal environment for lenders, by validating the contracts contested on the grounds of the absence of mention of the EAPR in the faxes sent in advance of the contract or default in communicating the rate and term, which is a positive development as the former case law required the lender to receive only the statutory interest rate in the case of an erroneous EAPR. Furthermore, if the borrower can prove that the EAPR is erroneous, the law stipulates that, if the original EAPR is higher than the correctly calculated EAPR, the borrower can benefit from the difference between both rates, applied to the capital remaining due at each payment date.

The Superior Court of Nanterre has confirmed the valid application of the law in a ruling dated 25 September 2015 and applied the same principle for the subsequent decisions.

At the same time, the French Government also created a support fund pursuant to article 92-I of the 2014 Finance Act. This fund relates to the most sensitive loans and is intended for local authorities and local public institutions as well as authorities overseas and in New Caledonia which subscribed structured loans before 2014.

The support fund is aimed at providing the borrowers concerned with aid towards the early redemption of these loans. The aid is calculated on the basis of indemnities due upon early redemption. Access to this fund is also conditional on the borrower waiving any legal action in relation to the loans for which financial aid is requested.

On 24 February 2015, following the deterioration of market conditions for certain loans, the French Government decided that the size of the fund would be doubled for local authorities (from EUR 1.5 billion up to EUR 3 billion) and that the amount of the indemnities that the support fund could provide be increased to up to 75% of the amount of the early termination indemnity. The aid portion proposed for public hospitals rose from EUR 100 million to EUR 400 million.

Even though these recent modifications represent a significant evolution for the Issuer, they do not resolve the other proceedings based on other grounds ongoing at the date of this Information Memorandum.

In a dispute between a French municipality and CAFFIL/DCL with respect to a structured loan booked on the balance sheet of CAFFIL, the Superior Court of Nanterre dismissed in June 2015 the requests of the borrower for, inter alia, the nullity of the contract and confirmed the validity of the loan agreement until its maturity date. However, the Court found DCL and CAFFIL partly responsible for not respecting the duty of provision of information, and held that the compensation for the loss of opportunity not to enter into a structured loan should be based on a reduction of the interest to be paid to the lender. The municipality has appealed this decision. In other disputes, the Superior Court of Nanterre dismissed all the borrower's demands and recognised the validity of the contract, the validity of the borrower's obligation and the Issuer's compliance with its duty of provision of information.

Due to the specific characteristics of each of the structured loan disputes referred to above, the Issuer is not able to predict the outcome of these proceedings and it cannot be ruled out that any decisions handed down in any other disputes could result in a material adverse effect on the Issuer's business, results of operations or financial condition.

The Issuer is involved in other lawsuits which could adversely affect its results of operations.

Like many financial institutions, the Issuer is subject to a number of regulatory investigations and named as a defendant in a number of lawsuits, including class action lawsuits in the United States and Israel and lawsuits in Italy. In addition, the possibility cannot be excluded that in the future, new proceedings, whether or not related to current proceedings, relating to the risks identified by the Group or to new risks, could be brought against the Issuer or other members of the Dexia Group. The status of the most significant investigations and litigations is summarised in the Issuer's Annual Report 2015 and the Dexia Q1 2016 Press Release. See also *"Dexia Crédit Local—Litigation"*. Any decision adverse to the Group in such investigations or lawsuits could materially impact its financial condition or results of operations and, as a consequence, those of the Issuer.

The Issuer is subject to extensive supervisory and regulatory regimes in the countries in which it operates. It is difficult to predict whether or to what extent the legal and regulatory framework will change in the future or the impact of such changes on the Issuer's business.

The Issuer is subject to extensive regulation and supervision in all jurisdictions in which it operates. The rules applicable to banks seek principally to limit their risk exposure, preserve their stability and financial solidity and protect depositors, creditors and investors. The rules applicable to financial services providers govern, among other things, the sale, placement and marketing of financial instruments. The banking companies within the Group must also comply with requirements as to capital adequacy (and in some cases liquidity) in the countries in which they operate. Compliance with these rules and regulations requires significant resources. Non-compliance with applicable laws and regulations could lead to fines, damage to the Issuer's reputation, forced suspension of its operations or the withdrawal of operating licences.

Since the onset of the financial crisis, a variety of measures have been proposed, discussed and in some cases adopted by numerous national and international legislative and regulatory bodies, as well as other entities. It is difficult to determine at this stage what the impacts of these measures would be if they were implemented. Certain of these measures have already been implemented, while others are still under discussion. It therefore remains difficult to calculate precisely the future impacts or, in some cases, to evaluate the likely consequences of these measures.

Finally, The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), enacted in the United States in 2010, has led to significant structural reforms affecting the financial services industry, including non-U.S. banks, by addressing, among other issues, systemic risk oversight, bank capital standards, the orderly liquidation of failing systemically significant financial institutions, over-the-counter derivatives and the ability of banking entities to engage in proprietary trading activities and sponsor and invest in hedge funds and private equity funds. It is difficult at this time to assess the overall impact (including extraterritorial impacts) the Dodd-Frank Act could have on the Issuer or the financial services industry as a whole.

On 10 December 2013, U.S. regulators released the final version of the rules implementing Section 619 of the Dodd-Frank Act (the "**Volcker Rule**"), which prohibits banking entities, including entities such as DCL that are treated as bank holding companies under the Bank Holding Company Act of 1956, as amended (the "**BHCA**") and all of its affiliates, from engaging in proprietary trading activities and sponsoring or investing in hedge or private equity funds, with certain exceptions. The prohibition does not apply to activities conducted solely outside of the United States by certain non-U.S. banking entities, such as DCL. Financial institutions were required to bring their activities and investments into compliance with the Volcker Rule by 21 July 2015, and the Dexia Group had in place policies, procedures, and compliance programmes at that time to ensure its compliance with respect to the prohibition on proprietary trading. With respect to certain investments in and relationships with so-called "legacy covered funds," the Board of Governors of the Federal Reserve System has extended the conformance period by an additional year until 21 July 2016 and has announced its intention to grant an additional one-year extension until 21 July 2017. During the extension period, the Issuer will analyse how the final rule will affect the affected businesses and devise an appropriate compliance strategy.

The United Kingdom electorate's vote to leave the European Union could adversely affect the Dexia Group.

On 23 June 2016 the United Kingdom held a referendum to decide on its membership within the European Union. The UK vote was to leave the European Union. There are a number of uncertainties in connection with the future of the United Kingdom and its relationship with the European Union. The negotiation of the UK's exit terms is likely to take a certain period of time. Until the terms and timing of the United Kingdom's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the Dexia Group's financial condition. The Dexia Group is particularly vulnerable to fluctuations in exchange rates, interest rates and asset valuations (including debt securities), which could be particularly volatile in the coming years while the terms of the United Kingdom's exit are being negotiated. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market. See *"—As a financial institution in run-off, the Group is particularly vulnerable to fluctuations in external factors such as interest and exchange rates*", *"—Adjustments to the carrying value of the Issuer's securities and derivatives portfolios could have a material impact on its net income and shareholders' equity*" and *"—The Issuer is exposed to currency/exchange rate costs and related exposures*".

Factors Relating to the Notes

The Notes may be subject to write-down or conversion to equity in the context of a resolution procedure applicable to the Issuer

Pursuant to the BRRD, as transposed into French law by a decree-law dated 20 August 2015, resolution authorities have the power to place an institution in resolution at the time the resolution authority determines that (i) the institution individually, or the group to which it belongs, is failing or likely to fail, (ii) there is no reasonable prospect that private action would prevent the failure and (iii) resolution action is necessary in the public interest.

An institution individually, or the group to which it belongs, as applicable, will be considered as failing or likely to fail, where:

(i) the institution infringes, or will in the near future infringe, the requirements for its continued authorisation as a banking institution in a manner that would justify withdrawal of such authorisation including, but not limited to, because the institution has incurred or is likely to incur losses depleting all or a significant amount of its own funds; or

(ii) the assets of the institution are, or in the near future will be, less than its liabilities; or

(iii) the institution is, or in the near future will be, unable to pay its debts or other liabilities as they fall due; or

(iv) the institution requires extraordinary public financial support.

If an institution is placed in resolution, resolution authorities have the power inter alia to ensure that capital instruments and eligible liabilities, including senior debt instruments such as the Notes, absorb losses of the issuing institution, through the write-down or conversion to equity of such instruments (the "**Bail-In Tool**"). The Bail-In Tool became effective on 1 January 2016.

The use of the Bail-In Tool could result in the full or partial write-down or conversion to equity of the Notes, or in a variation of the terms of the Notes, which could result in Noteholders losing some or all of their investment, without prejudice to their rights under the Guarantee.

The impact of the BRRD and its implementation provisions on credit institutions, including the Issuer, is currently unclear and the future implementation and application to the Issuer or the taking of any action under it could materially adversely affect the Issuer and the value of the Notes. Furthermore, the exercise of any power under the BRRD as applied to the Issuer or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the market value of their investment in the Notes, without prejudice to the rights of the Noteholders under the Guarantee, and/or the ability of the Issuer to satisfy its obligations under the Notes. In addition, if the Issuer's financial condition deteriorates, the existence of the Bail-In Tool could cause the market value of the Notes to decline more rapidly than would be the case in the absence of such tools.

Noteholders may have only very limited rights to challenge and/or seek a suspension of any decision of the relevant resolution authority to exercise its resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise.

The Issuer, as member of a banking group subject to the Orderly Resolution Plan, which was adopted prior to the entry into force of the BRRD, is not excluded from the scope of the BRRD. However, in assessing the conditions of application of the Bail-In Tool (especially the third one, which relates to compliance of a resolution with the public interest, including preservation of financial stability), the Group's public shareholding structure and the EUR 85 billion liquidity guarantee granted by the States of Belgium, France and Luxembourg, could be taken into account by the resolution authority. It may yet not be excluded that, in certain circumstances, the application of the Bail-In Tool to the Issuer and to the Notes could be considered as necessary in the public interest within the meaning of the BRRD.

In any event, the application of the Bail-In Tool to the Notes would not release the States from any of their obligations under the Guarantee. Article 354/1 of the Belgian law of 25 April 2014 on the status and supervision of credit institutions provides (amongst others) that the write-off or the conversion to equity of debt instruments issued by a credit institution incorporated in an EU Member State (such as the Notes) does not benefit third-party guarantors under guarantees governed by Belgian law (such as the Guarantee). The purpose of this provision is to render the discharge following the application of the Bail-In Tool without effect vis-à-vis third party guarantors. The States would therefore remain liable to perform their obligations under the Guarantee notwithstanding any write-down or conversion to equity of the Notes following application of the Bail-In Tool.

Only one Event of Default

There is only one event of default under the Notes allowing Noteholders to accelerate payments under the Notes as a result of certain events relating to the Guarantee in certain circumstances not being or ceasing to be in full force and effect. In particular, Noteholders may not call an event of default as a result of non-payment by the Issuer of principal or interest under the Notes or as a result of non-performance by the Issuer of any of its other obligations under the Notes, nor do the events of default under the Notes contain a cross-default provision in respect of other indebtedness of the Issuer. See "*Terms and Conditions of the Notes — Event of Default*" and "*Risk Factors — Factors relating to the Guarantee — Noteholders have no acceleration rights against the Guarantors and may lose their right to call upon the Guarantee as a result of accelerating against the Issuer*".

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

The market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

An active trading market for the Notes may not develop.

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. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

Any early redemption at the option of the Issuer, if provided for in any Pricing Supplement for a particular issue of Notes, could cause the yield anticipated by Noteholders to be considerably less than anticipated.

In the event that the Issuer is obliged to pay additional amounts in respect of any Notes due to any withholding as provided in Condition 8 of the "*Terms and Conditions of the Notes*", the Issuer may and, in certain circumstances, shall redeem all of the Notes then outstanding in accordance with the "*Terms and Conditions of the Notes*".

The Pricing Supplement for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of termination is often included in the terms of Notes in periods of high interest rates. If market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases.

As a consequence of an early redemption of the Notes, 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 Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for their own commissions which are either fixed minimum commissions or *pro rata* commissions depending on the order value. To the extent that additional — domestic or foreign — parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account the fact that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs),

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

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

Payments of interest on the Notes, or profits realised by the Noteholder upon the disposal or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally in Belgium, France and Luxembourg is described under "*Taxation*" below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuer advises all investors to contact their own tax advisers for advice on the tax impact of an investment in the Notes.

A partial redemption at the option of the Issuer or a redemption at the option of the Noteholders may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised.

Depending on the number of Notes of the same Series of which a partial redemption of the Notes at the option of the Noteholders or at the option of the Issuer is made, any trading market in respect of those Notes in respect of which such option is exercised may become illiquid. This applies also in the case of Extendible Notes.

The Maturity Date of Notes may be automatically extended.

In the case of Extendible Notes, unless a Noteholder exercises its Non-Extension Option within the relevant Exercise Period (as defined in Part 19(iv)(g) of the Pricing Supplement) in accordance with the Conditions (in which case the Maturity Date of such Notes shall not be extended on any Automatic Extension Date as provided in the relevant Pricing Supplement), on each Automatic Extension Date during the Automatic Extension Period as provided in the relevant Pricing Supplement, the Maturity Date of each Note shall be extended automatically for the Automatic Extension Duration as provided in the relevant Pricing Supplement, *provided that* such extended Maturity Date shall not exceed the maximum maturity as specified in the Guarantee which is, at the date of this Information Memorandum, ten years from the relevant Issue Date. Any Notes in respect of which the Maturity Date has not been so extended will be attributed a separate ISIN number and common code and, in the case of Notes in definitive form, such Notes (together with, In the case of Bearer Notes, any related Receipts, Coupons and Talons) are required to be delivered to the Fiscal Agent or, in the case of Registered Notes, the Registrar or such other agent so specified for such purpose for appropriate annotation and (in the case of Bearer Notes) cancellation of all unmatured Receipts and Coupons falling due after the Maturity Date for such Notes and unexchanged Talons. If the Notes are still held in global form, the relevant Global Note or Global Certificate will be annotated in order to reduce the aggregate nominal amount of such Notes and a new Global Note or Global Certificate representing such Notes will be issued in respect thereof and the Noteholder will, unless otherwise specified in the applicable Pricing Supplement, be required to arrange for such Notes to be "blocked" in the relevant participant's account with such clearing system through which such Notes are held until the relevant Automatic Extension Date.

Change in value of Fixed Rate Notes

Investors in Fixed Rate Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Notes.

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 for Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. This means that investors may only reinvest the interest income paid to them at the relevant lower interest rates then prevailing.

Zero coupon notes are subject to higher price fluctuations than non-discounted notes.

Changes in market interest rates have a substantially stronger impact on the prices of zero coupon notes than on the prices of ordinary interest-bearing notes because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon notes can suffer higher price losses than other notes having the same maturity and credit rating. Due to their leverage effect, zero coupon notes are a type of investment associated with a particularly high price risk.

Foreign currency notes expose investors to foreign-exchange risk.

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

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdictions to which the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial obligations such as the Notes. Potential investors are advised not to rely exclusively upon the tax summary contained in this Information Memorandum and/or in the Pricing Supplement but to seek the advice of their own tax adviser on their individual taxation situation with respect to the acquisition, holding, disposal and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration should be read in conjunction with the taxation sections of this Information Memorandum and the additional tax sections, if any, contained in the relevant Pricing Supplement.

Financial Transaction Tax (the FTT)

On 14 February 2013 the European Commission published a proposal (the "**Commission Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia withdrew from the enhanced cooperation in March 2016.

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

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

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

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

The value of the Notes could be adversely affected by a change in English law or administrative practice

The terms and conditions of the Notes are governed by English law in effect as of the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Information

Memorandum and any such change could materially adversely affect the value of any Notes affected by it.

Since the Notes are held by or on behalf of Euroclear and Clearstream, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer

The Notes in the form of Global Notes will be deposited with a common depositary or a common safekeeper for Euroclear and Cleastream. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Notes in definitive form (see "*Summary of Provisions relating to the Notes while in Global Form*"). Euroclear and Cleastream will maintain records of the beneficial interest in the Global Notes. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, as the case may be.

While the Notes are in global form, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or the common safekeeper. A holder of a beneficial interest in the Notes must rely on the procedures of Euroclear and/or Cleastream, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes whether on a solicited or an unsolicited basis. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time which may also affect the value of the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, and/or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions, insurance companies and other regulated entities should consult their legal advisors or the appropriate supervisors to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Minimum Denominations

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination (or its equivalent) that are not integral multiples of the minimum Specified Denomination (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more minimum Specified Denominations.

If such Notes in definitive form are issued, holders should be aware that definitive Notes having a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Notes issued under the Programme may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained (or incorporated by reference) in this Information Memorandum;

(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, such as instances 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 issued under the Programme and be familiar with the behaviour of any relevant indices and financial markets; and

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

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the overall investment portfolio of the potential investor.

Conflicts may arise between the interests of the Calculation Agent and the interests of holders of Notes, Receipts and Coupons

Potential conflicts of interest may exist between the Calculation Agent (if any) and holders of Notes, Receipts and Coupons (including where a Dealer acts as Calculation Agent) with respect to certain determinations and judgments that such Calculation Agent makes pursuant to the Conditions that may influence amounts receivable by such holders during the term of such Notes, Receipts and Coupons and/or upon redemption of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This section incorporates selected publicly available information that should be read in conjunction with this Information Memorandum.

The following are documents which have previously been published or are published simultaneously with this Information Memorandum and are incorporated in, and form part of, this Information Memorandum:

(a) the free English translation of the Issuer's 2015 Registration Document, the official French version of which was filed with the AMF on 28 April 2016 in accordance with Article 212-13 of the AMF's General Regulations, and which includes consolidated financial statements and the related auditor's reports (the "**Issuer's Annual Report 2015**");

(b) the free English translation of the Issuer's 2014 Registration Document, the official French version of which was filed with the *Autorité des marches financiers* (the "**AMF**") on 28 April 2015 in accordance with Article 212-13 of the AMF's General Regulations, and which includes consolidated financial statements and the related auditor's reports (the "**Issuer's Annual Report 2014**");

(c) the press release of the Dexia Group dated 18 May 2016 relating to its Interim Statements as at and for the three months ended 31 March 2016 (the "**Dexia Q1 2016 press release**")); and

(d) the terms and conditions of the Notes contained on pages (i) 26 to 49 of the Information Memorandum dated 2 July 2013, (ii) on pages 22 to 42 of the Information Memorandum dated 27 June 2014 and (iii) on pages 36 to 60 of the Information Memorandum dated 1 July 2015.

Copies of documents incorporated by reference in this Information Memorandum can be found on the website of the Issuer and of Dexia (www.dexia-creditlocal.fr and www.dexia.com) or obtained from the registered office of the Issuer and the specified office of the Fiscal Agent for the time being. This Information Memorandum and the documents incorporated by reference will also be published on the Luxembourg Stock Exchange website (www.bourse.lu).

The Dexia Q1 2016 press release contains financial information of the Dexia Group. This financial information is not comparable with the financial information of the DCL Group contained in the Issuer's Annual Report 2015 and the Issuer's Annual Report 2014. Apart from in relation to the Issuer itself, investors will not have any direct claims on the cash flows or assets of the Dexia Group and, apart from the Issuer, members of the Dexia Group have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to the Issuer to fund these payments.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued by Dexia Crédit Local (the "**Issuer**") pursuant to an Amended and Restated Agency Agreement dated 5 July 2016 (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Agency Agreement**"), between the Issuer, Banque Internationale à Luxembourg, *société anonyme* as fiscal agent (the "**Fiscal Agent**"), as paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the "**Paying Agents**"), as calculation agent (together with any additional or other calculation agents in respect of the Notes from time to time appointed, the "**Calculation Agent(s)**"), as consolidation agent (the "**Consolidation Agent**"), as transfer agent (together with any additional or other transfer agents in respect of the Notes from time to time appointed, the "**Transfer Agents**"), as registrar (the "**Registrar**"), and as exchange agent (the "**Exchange Agent**") and with the benefit of an Amended and Restated Deed of Covenant dated 5 July 2016 (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") executed by the Issuer in relation to the Notes. The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

Copies of the Agency Agreement, the Deed of Covenant and the Guarantee (as defined in Condition 3(b)) are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. Form, Denomination and Title

(a) Form and Denomination

The Notes are issued in bearer form ("**Bearer Notes**" or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown in the relevant Pricing Supplement.

All Registered Notes shall have the same Specified Denomination.

The Notes can be issued as a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or an Instalment Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the relevant Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereon and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof (or of that of the related Certificate) or any writing thereon (or on the Certificate representing it) made by anyone, and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Transfers of Registered Notes

(a) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(b) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) or (b) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Transfer Free of Charge

Transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(e) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date.

3. Status and Guarantee

(a) Status

The Notes and the Receipts and Coupons relating to them constitute direct, unconditional, unsecured (without prejudice to the provisions of Condition 4) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and at least equally with all other unsecured indebtedness and guarantees, present and future, of the Issuer without any preference or priority by reason of date of issue, currency of payment or otherwise (except for indebtedness granted preference by mandatory provisions of law and without prejudice as aforesaid).

(b) Guarantee

The Notes are severally, but not jointly, guaranteed by the Kingdom of Belgium, the Republic of France and the Grand Duchy of Luxembourg (each, a "**Guarantor**" and together, the "**Guarantors**") according to the terms of a Guarantee dated 24 January 2013 (as modified or supplemented at the relevant Issue Date, the "**Guarantee**")[4].

4. Negative Pledge

The Issuer undertakes that, so long as any of the Notes, Receipts or Coupons remains outstanding (as defined in the Agency Agreement), it will not secure or allow to be or remain secured any Marketable Indebtedness (as defined below) now or hereafter existing by any mortgage, lien, pledge, assignment or charge upon any of the present or future revenues or assets of the Issuer without at the same time according to the Notes, Receipts or Coupons an equal and rateable interest in the same security. As used in this paragraph, "*Marketable Indebtedness*" means any indebtedness in whatever currency in the form of, or represented or evidenced by, bonds, notes, debentures or other securities which, in connection with their initial distribution, (i) are or are to be quoted, listed or traded on any stock exchange or over-the-counter or other securities market and (ii) are intended to be offered or distributed, directly or indirectly, by or with the authorisation of the Issuer to persons resident outside the Republic of France and/or to qualified investors within the Republic of France.

5. Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date as specified in the relevant Pricing Supplement. The amount of interest payable shall be determined in accordance with Condition 5(g).

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g). Such Interest Payment Date(s) is/are either shown in the relevant Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Pricing Supplement as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

[4] Copies of the Guarantee are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the relevant Pricing Supplement;

(y) the Designated Maturity is a period specified in the relevant Pricing Supplement; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Pricing Supplement.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest in respect of Floating Rate Notes as provided by Condition 5(f)(ii) shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

(w) Where Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant Pricing Supplement.

(x) If the Relevant Screen Page is not available or, if sub-paragraph (w)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (w)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(y) if paragraph (x) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the

Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, *provided that*, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(z) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the Floating Rate Notes is specified as being the EUR CMS, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be the quotation (expressed as a percentage rate per annum) for EUR CMS relating to the relevant maturity (the relevant maturity year mid swap rate in EUR (annual 30/360)), which appears on the Relevant Screen Page, being Reuters Screen page "ISDAFIX 2" under the heading "EURIBOR Basis", as at 11.00 a.m. Frankfurt time, in the case of the EUR-ISDA-EURIBOR Swap Rate-11:00 on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent.

Notwithstanding anything to the contrary in Condition 5(f), in the event that the Reference Rate does not appear on the Relevant Screen Page, the Calculation Agent shall determine on the relevant Interest Determination Date the applicable rate based on quotations of five Reference Banks for EUR CMS relating to the relevant maturity (in each case the relevant mid-market annual swap rate commencing two TARGET Business Days following the relevant Interest Determination Date). The highest and lowest (or, in the event of equality, one of the highest and/or lowest) quotations so determined shall be disregarded by the Calculation Agent for the purpose of determining the Reference Rate which will be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such provided quotations.

If, for any reason, the Reference Rate is no longer published or if fewer than three quotations are provided to the Calculation Agent in accordance with the above paragraph, the Reference Rate will be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercial and reasonable manner.

Where any Reference Rate is specified in the relevant Pricing Supplement as being determined by linear interpolation in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the Reference Rate, one of which shall be determined as if the maturity were the period of time (for which rates are available) next shorter than the length of the relevant Interest Accrual Period, and the other of which shall be determined as if the maturity were the period of time (for which rates are available) next longer than the length of the relevant Interest Accrual Period.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest in respect of Floating Rate Notes as provided by Condition 5(e)(ii) shall be deemed to be zero.

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(c)(i)(B)).

(d) Accrual of Interest

Interest shall cease to accrue on this Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) Margin, Minimum/Maximum Rates of Interest, Instalment Amounts, Redemption Amounts and Rounding

(i) If any Margin is specified in the relevant Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number), or subtracting the absolute value (if a negative number) of, such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(f) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Pricing Supplement, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(g) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of Euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a Specified Currency and/or one or more Business Centres, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

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

(ii) if "**Actual/365 (Fixed)**" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_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 and D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

"Y" 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-T" 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;

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

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

where:

"Y-T" 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 (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; and

(vii) if "**Actual/Actual — ICMA**" is specified in the relevant Pricing Supplement:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Date**" means the date specified as such in the relevant Pricing Supplement or, if none is so specified, the Interest Payment Date;

"**Determination Period**" means the period from and including a Determination Date in any

year to but excluding the next Determination Date;

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"**Interest Amount**" means:

(x) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(y) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the relevant Pricing Supplement;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Supplement or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling, or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro;

"**Interest Payment Date**" means the date(s) specified as a Specified Interest Payment Date or an Interest Payment Date in the applicable Pricing Supplement.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the relevant Pricing Supplement;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Pricing Supplement;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the relevant Pricing Supplement;

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market, in each case selected by the Calculation Agent or as specified in the relevant Pricing Supplement;

"**Reference Rate**" means the rate specified as such in the relevant Pricing Supplement;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Pricing Supplement;

"**Specified Currency**" means the currency specified as such in the relevant Pricing Supplement or, if none is specified, the currency in which the Notes are denominated; and "**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(i) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Pricing Supplement and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, this Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(f), its final Instalment Amount on the Maturity Date specified in the relevant Pricing Supplement.

(b) Purchases

The Issuer may, at any time, purchase Notes (*provided that*, in the case of Bearer Notes, all unmatured Coupons, Receipts and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

Such notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation in all cases in accordance with all applicable laws and regulations.

(c) Early Redemption

(i) Zero Coupon Notes

(A) Unless otherwise specified in the relevant Pricing Supplement, the Early Redemption Amount payable in respect of any Note, the Rate of Interest of which is specified to be Zero Coupon, upon redemption of such Note pursuant to Condition 8(b) or (c) or, if applicable, Condition 6(d) or (e) or upon it becoming due and payable as provided in Condition 10, shall be:

(I) if the Redemption Amount of such Note is variable, the Zero Coupon Early Redemption Amount of such Note specified in the relevant Pricing Supplement; or

(II) in any other case, the Amortised Face Amount (calculated as provided below) of such Note.

(B) Subject to the provisions of sub-paragraph ((C)) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Pricing Supplement.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 8(b) or (c) or, if applicable, Condition 6(d) or (e), or upon it becoming due and payable as provided in Condition 10, is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date (as defined in Condition 8). The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(d).

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (A) above), upon redemption of such Note pursuant to Condition 8 or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the relevant Pricing Supplement.

(d) Redemption at the Option of the Issuer and Exercise of Issuer's Options

If so provided in the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Noteholders during the Issuer's Notice Period (as specified in the applicable Pricing Supplement), redeem all or, if so provided, some of the Notes in the nominal amount or integral multiples thereof and on the date or dates so provided.

Any such redemption of Notes shall be at their Redemption Amount together with any interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the serial numbers of the Notes or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holders of such Registered Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(e) Redemption at the Option of Noteholders and Exercise of Noteholder's Options

If so provided in the relevant Pricing Supplement, the Issuer shall at the option of the holder of any such Note who shall have exercised such option by providing an irrevocable notice to the Issuer during the Noteholders' Notice Period (as specified in the applicable Pricing Supplement), redeem such Note on the Optional Redemption Date so provided in the relevant Pricing Supplement at its Redemption Amount together with any interest accrued to the date fixed for redemption.

In the case of Extendible Notes, the Noteholder's option may provide that the initial Maturity Date in respect of such Notes as provided in the applicable Pricing Supplement (the "**Initial Maturity Date**") or any Extended Maturity Date resulting from any previous exercise of such option will, unless a Noteholder exercises its option not to extend the Maturity Date (a "**Non-Extension Option**"), be extended automatically on one or more occasions to such later date(s) as shall be provided in the applicable Pricing Supplement *provided that* such extended Maturity Date shall not exceed the maximum maturity as specified in the Guarantee which is, at the date of this Information Memorandum, ten years from the Issue Date (each an "**Extended Maturity Date**" and the last such possible Extended Maturity Date, as provided in the applicable Pricing Supplement, the "**Final Extended Maturity Date**"), *provided that* such

Final Extended Maturity Date shall not exceed the maximum maturity as specified in the Guarantee. If the Maturity Date is not so extended in respect of an Extendible Note, such Note will be redeemed on its then current Maturity Date in accordance with the provisions of Condition 6(a) above at its Final Redemption Amount.

If the Non-Extension Option is not exercised in respect of an Automatic Extension Date during the Automatic Extension Period, each as specified in the relevant Pricing Supplement, the Maturity Date of this Note shall be extended automatically by the duration (the "**Automatic Extension Duration**") as specified in the relevant Pricing Supplement so that it falls on the next succeeding Extended Maturity Date.

Not later than 30 calendar days (or such other period as shall be specified in the applicable Pricing Supplement) prior to each Automatic Extension Date, the Issuer shall give notice to the Noteholders informing them of their right to exercise the Non-Extension Option in relation to such Automatic Extension Date.

To exercise any such option referred to in the first paragraph of this Condition 6(e), the Non-Extension Option or any other Noteholder's option which may be set out in the relevant Pricing Supplement, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) and/or annexed to the applicable Pricing Supplement within the Notice Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

If a Noteholder validly exercises its Non-Extension Option in relation to any Note and any Automatic Extension Date as provided above, then (i) in the case of Bearer Notes, the Paying Agent to which such Note is presented shall enface thereon a statement indicating that the Non-Extension Option has been exercised in relation to such Note, the Maturity Date of such Note and shall remove from the Note and cancel all unmatured Receipts, all unmatured Coupons relating to the Interest Payment Dates falling after such Maturity Date and unexchanged Talons and (ii) in the case of Registered Notes, the Registrar or Transfer Agent to which the relevant Certificate is presented will destroy such Certificate and replace it with a replacement Certificate with the relevant Maturity Date enfaced on it.

Following each Automatic Extension Date, the Issuer shall give notice to the Noteholders and the Luxembourg Stock Exchange informing them of the aggregate nominal amount, the Maturity Date of Notes in respect of which the Non-Extension Option for such Automatic Extension Date was not exercised.

(f) Redemption by Instalments

Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified in the relevant Pricing Supplement) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or (e), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified in the relevant Pricing Supplement, whereupon the outstanding nominal amount of such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment

Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(g) Cancellation

All Notes purchased by or on behalf of the Issuer for cancellation shall be cancelled forthwith, in the case of Bearer Notes, by surrendering such Notes together with all unmatured Coupons, Receipts and unexchanged Talons attached thereto to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. Any Notes so cancelled shall not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and *provided that* the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency; *provided that* in the case of Euro, the transfer may be to, or the cheque drawn on, a Euro account with a bank in Europe (or any other account to which Euro may be credited or transferred in a city in which banks have access to the TARGET System).

(b) Registered Notes

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purposes of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes will be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts, and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment (whether by operation of law or agreement of the Issuer) and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing any governmental approach thereto, without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar and the Transfer Agents act solely as agents of the Issuer and the Calculation Agent acts as an independent expert and none of them assumes any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, *provided that* the Issuer will at all times maintain (i) a Fiscal Agent outside the Republic of France, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Consolidation Agent, where the relevant Pricing Supplement so require, (v) one or more Calculation Agent(s) where the Conditions so require and (vi) at least one Paying Agent having a specified office in a European city, and provided further that (A) so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the Regulated Market, the Issuer will maintain a Paying Agent and Transfer Agent in Luxembourg and (B) the Issuer will maintain such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 14.

(f) Unmatured Coupons and Receipts and unexchanged Talons

(i) Upon the due date for redemption, Bearer Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

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

(v) Where any Bearer Note which provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons or where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender, if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Business Days for Payments

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or Sunday):

(i) on which banks and foreign exchange markets are open for business in the relevant place of presentation;

(ii) in such jurisdictions as shall be specified as "Financial Centres" in the applicable Pricing Supplement and:

(x) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(y) (in the case of a payment in Euro) which is a TARGET Business Day.

(h) Talons

If, due to the number of Coupons, a Talon for further Coupons is required, it shall form part of the Coupon sheet attached to each Bearer Note. On or after the Specified Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet), (but excluding any Coupons which may have become void pursuant to Condition 9).

8. Taxation

(a) All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes, Receipts or Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

(b) If, on the occasion of the next payment due in respect of the Notes, Receipts or Coupons appertaining thereto, the Issuer would be required, for any reason whatsoever beyond its control, to make a withholding or deduction with respect to any French taxes, duties, assessments or governmental charges of whatever nature the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holders of Notes, Receipts or Coupons, after such withholding or deduction, receive the full amount then due and payable; *provided, however*, that if the obligation to make such additional payments arises by virtue of a change in French law or in its application or official interpretation and cannot be avoided by reasonable measures available to the Issuer, the Issuer may redeem all (but not some only) of the outstanding Notes on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) (but not earlier than 30 days prior to the effective date of such change) at their Redemption Amount together with, unless otherwise specified in the relevant Pricing Supplement, accrued interest to the date set for redemption, and *provided that* no such additional amount shall be payable with respect to any Note, Receipt or Coupon:

(i) to a holder (or to a third party on behalf of a holder) where such holder is liable to such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of such Note, Receipt or Coupon; or

(ii) in respect of any tax, assessment, or other governmental charge that would not have been imposed but for a failure to comply with a certification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of the holder or beneficial owner of such Note, if such compliance is required as a precondition to relief or to exemption from such tax, assessment or other governmental charge; or

(iii) presented (or in respect of which the certificate representing it is presented) for payment more than 30 days after the Relevant Date, except to the extent that the Noteholder or, if applicable, the Receiptholder or Couponholder, as the case may be, would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day; or

(iv) where such withholding or deduction is required pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing any intergovernmental agreement with respect thereto.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means whichever is the later of:

(i) the date on which the payment in respect of such Note, Receipt or Coupon first became due and payable; or

(ii) if the full amount of the moneys payable on such date in respect of such Note, Receipt or Coupon has not been received by the Fiscal Agent on or prior to the due date, the date on which notice is duly given to the Noteholders that such moneys have been so received.

References in these Conditions to:

"'**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it;

"**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and

"'**principal**" and/or "**interest**" shall be deemed to include any additional amounts which may be payable under this Condition.

(c) In the event that the Issuer should be required to make the additional payments referred to in paragraph (b) above, that any French law or regulation should prohibit such additional payments, and that the obligation to make such additional payments cannot be avoided by reasonable measures available to the Issuer (which measures, if they exist, the Issuer shall be obliged to take, to the fullest extent permitted by law), the Issuer shall redeem all (but not some only) of the outstanding Notes at their Redemption Amount together with, unless otherwise specified in the relevant Pricing Supplement, any accrued interest to the date set for redemption, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) not earlier than 30 days prior to the effective date of any change in French law referred to in paragraph (b) above and not later than the date on which such additional payments would have been due or as soon as practicable thereafter.

(d) The Issuer shall give notice of any optional redemption pursuant to paragraph (b) above at least 30 days and not more than 60 days prior to the date set for redemption by publishing a notice of redemption in accordance with Condition 14. In the event of mandatory redemption pursuant to paragraph (c) above, the Issuer shall publish a notice of redemption (in accordance with the same provisions) as soon as possible after the necessity of such redemption becomes apparent but not more than 60 days prior to the date set for redemption.

9. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate due date in respect thereof.

10. Event of Default

Upon the occurrence of an Event of Default, the holder of any Note may, upon written notice given to the Fiscal Agent at its specified office, cause such Note to become immediately due and payable as of the date on which the said notice is given, at its Redemption Amount together with accrued interest to the date of payment.

For the purposes of this Condition, an "**Event of Default**" will be deemed to have occurred if any of the following events has occurred:

(a) as a result of a final judgment of competent courts binding on a Guarantor, the Guarantee, as it applies to the Notes, is no longer in full force and effect;

(b) a Guarantor enacts legislation releasing such Guarantor from any or all of its payment obligations under the Guarantee; or

(c) a Guarantor does not pay any amount that has become due and payable under the Notes and has been validly claimed under the Guarantee where such non-payment is a result of the Guarantee not being binding (or being alleged by such Guarantor not to be binding) on such Guarantor,

provided, in respect of an event referred to in (a) or (b) above, that such event continues for a period of at least 60 days (the "**Guarantee Cure Period**"), unless any interest, principal or any other amount under the Notes shall have become due and not have been paid at any time before any such event has occurred or during the Guarantee Cure Period, in which case an Event of Default shall be deemed to have occurred immediately without the necessity of waiting for the Guarantee Cure Period to expire. For the avoidance of doubt, no other event shall be deemed to be an Event of Default under these Conditions, except those listed in this paragraph.

11. Meetings of Noteholders

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the modification of any of these Conditions insofar as they may apply to the Notes. Any such modifications may be made if sanctioned by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders (save where these Conditions provide that they may be modified otherwise than by Extraordinary Resolution).

Such a meeting may be convened by Noteholders holding not less than 10 per cent, in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of Notes held or represented, unless the business of such meeting includes the consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of any of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the nominal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or amount of interest thereon, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest applies to any Notes, to reduce such Minimum Rate of Interest and/or such Maximum Rate of Interest, (v) to change the method or basis for calculating the Redemption Amount or, in the case of Zero Coupon Notes, changes to the method of calculating any Amortised Face Amount or Zero Coupon Early Redemption Amount, as the case may be, (vi) to change the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than three-quarters, or at any adjourned meeting any proportion in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

A Written Resolution shall take effect as if it were an Extraordinary Resolution. The provisions set out in these Terms and Conditions relating to the powers of meetings and notification of Extraordinary Resolutions shall apply *mutatis mutandis* to Written Resolutions.

"**Written Resolution**" means a resolution in writing signed by or on behalf of all holders of Notes who for the time being are entitled to receive notice of a Meeting in accordance with the provisions for meetings of Noteholders set out in the Agency Agreement, whether such resolution is contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes. The date of such Written Resolution shall be the date on which the latest such document is signed.

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

(b) Modification

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or the Couponholders, to:

(i) any modification (except such modifications in respect of which an increased quorum is required as provided in Condition 11(a) above) of the Notes or the Agency Agreement which is not prejudicial to the interests of the Noteholders or the Couponholders; or

(ii) any modification of the Notes or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition14 as soon as practicable thereafter.

12. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of such Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 14 (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates), in each case on payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues and Consolidation

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes in all respects or in all respects except for the first payment of interest on them so that the same shall be consolidated and form a single series with such Notes. For the purposes of French law, such further notes shall be consolidated (*assimilables*) to the Notes as regards their financial service. References in these Conditions to "Notes" shall be construed accordingly.

14. Notices

Notices to holders of Registered Notes will be valid (i) if sent by mail to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and (ii) if published, so long as the relevant Notes are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the Regulated Market and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ("www.bourse.lu").

Notices to the holders of Bearer Notes will be valid if (i) published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and (ii) so long as the relevant Notes are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the Regulated Market and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ("www.bourse.lu") or, if such publication is not practicable, notice will be validly given if published in another leading daily English language newspaper with general circulation in Europe and, so long as such Notes are listed or admitted to trading on any stock exchange and the rules of such stock exchange so require, in a leading daily newspaper with general circulation in the city/ies where such stock exchange(s) is/are situated.

Notices will, if published more than once, be deemed to have been given on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15. Contracts (Rights of Third Parties) Act 1999

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

16. Governing Law and Jurisdiction

(a) Governing Law

The Notes, the Receipts, the Coupons, the Talons and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. The Guarantee is governed by the laws of Belgium.

(b) Jurisdiction

The Courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such court and waives any objection to Proceedings in such court on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

The courts of Brussels have exclusive jurisdiction to settle any disputes relating to the Guarantee as between the parties thereto and in relation to any disputes involving holders of the Notes.

(c) Service of Process in England

The Issuer appoints Dexia Management Services Ltd, presently at 13th Floor, 200 Aldersgate Street, London EC1A 4HD as its agent for service of process. Such service shall be deemed completed on delivery to such address (whether or not it is forwarded to and received by the Issuer). If for any reason the Issuer no longer has such an agent in England registered under Part XXIII of the Companies Act 1985, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"). If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and the delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

If the Global Notes are stated in the applicable Pricing Supplement to be issued in NGN form or the Global Certificates are held under NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Upon the initial deposit of a Global Note with, or registration of Registered Notes in the name of, or of any nominee for, and delivery of the relevant Global Certificate to, Euroclear France (including where Euroclear France is acting as central depositary), the *"intermédiaires financiers habilités"* (French banks or brokers authorised to maintain securities accounts on behalf of their clients (each an "**Approved Intermediary**")) who are entitled to such Notes according to the records of Euroclear France will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may (if indicated in the relevant Pricing Supplement) also be credited to the accounts of subscribers with Approved Intermediaries or (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by Euroclear France or such other clearing systems. Conversely, Notes that are initially deposited with Euroclear France or any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems (or Approved Intermediaries).

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, an Approved Intermediary or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such Approved Intermediary or clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, Euroclear France or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(a) if the relevant Pricing Supplement indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*General Description of the Programme — Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below;

(b) in the case of Extendible Notes, in whole or in part as provided for in "**Extendible Notes**" below; and

(c) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

2. Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "*Partial Exchange of Permanent Global Notes and Global Certificates* ", in part for Definitive Notes or, in the case of (a) below, Registered Notes:

(a) in the case of Notes issued in one Specified Denomination only, if the relevant Pricing Supplement provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election to effect such exchange; and

(b) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3. Global Certificates

Each Global Certificate will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "*Partial Exchange of Permanent Global Notes and Certificates*", in part, for Individual Certificates:

(a) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(b) if principal in respect of any Notes is not paid when due; or

(c) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer, or in the case of Extendible Notes, in whole or in part, for a new Global Certificate and, if applicable, a replacement Global Certificate as provided under "*Extendible Notes*" below.

4. Partial Exchange of Permanent Global Notes and Global Certificates

For so long as a permanent Global Note or Global Certificate is held by or on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note or Global Certificate will be exchangeable in part on one or more occasions (1) in the case of a permanent Global Note or Global Certificate representing Extendible Notes, for another permanent Global Note or, as the case may be, Global Certificate, as provided in "Extendible Notes" below, or (2) for Definitive Notes or Individual Certificates, as the case may be, if principal in respect of any Notes is not paid when due.

5. Extendible Notes

In the case of Extendible Notes, interests in the temporary Global Note must be exchanged for interests in the Original Permanent Global Note (as defined below) before the Non-Extension Option can be exercised.

If Noteholders exercise their Non-Extension Option then (in the case of Bearer Notes) the permanent Global Note representing the Notes on issue (the "**Original Permanent Global Note**") or (in the case of Registered Notes) the Global Certificate issued in respect of the Notes on issue (the "**Original Global Certificate**") shall to that extent be exchanged for a new permanent Global Note or, as the case may be, Global Certificate representing such Notes and all other Notes having the same Maturity Date as such Notes as provided below.

On the Automatic Extension Date, all Notes in respect of which a duly completed Non-Extension Option Notice has been received by the Fiscal Agent or, as the case may be, the Registrar will not have their Maturity Date extended. Such Notes will be allocated a new ISIN and common code corresponding to their Maturity Date, and (i) (in the case of Bearer Notes) the Fiscal Agent shall (x) authenticate and issue on behalf of the Issuer a new permanent Global Note in respect of such Notes to the holder of the Original Permanent Global Note, recording thereon the Maturity Date, the new ISIN and common code applicable thereto and the aggregate nominal amount thereof and (y) record the remaining outstanding nominal amount of Notes in respect of which the Non-Extension Option has not been exercised on the relevant schedules to the Original Permanent Global Note, and (ii) (in the case of Registered Notes), the Registrar shall (x) authenticate and issue on behalf of the Issuer a new Global Certificate in respect of such Notes recording the new Maturity Date, the new ISIN and common code applicable thereto and the aggregate nominal amount thereof and (y) authenticate and issue a replacement Global Certificate in respect of the remaining Notes recording thereon the same ISIN and common code applicable to the Original Global Certificate and, in each case, shall deliver such new and replacement Global Certificates to the holder of the Original Global Certificate and shall make the appropriate entries relating thereto in the Register relating to the Notes.

6. Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. If the Global Note is a NGN, the Fiscal Agent will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system.

In this Information Memorandum, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed, and Certificates will be printed, in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

7. Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located. In the event that a further Tranche of Notes is issued in respect of any Series of Notes pursuant to Condition 3 which is to be consolidated with one or more previously issued Tranches of such Series prior to the Exchange Date relating to the Temporary Global Note representing the most recently previously issued Tranches of such Series, such Exchange Date may be extended until the Exchange Date with respect to such further Tranche, provided that in no event shall such first-mentioned Exchange Date be extended beyond the date which is five calendar days prior to the first Interest Payment Date (if any) falling after such first-mentioned Exchange Date.

8. Legend

Each permanent Global Note and any Bearer Note, Talon, Coupon or Receipt issued in compliance with the D Rules under TEFRA will bear the following legend:

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

The sections of the U.S. Internal Revenue Code of 1986 referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realised on any sale, exchange or redemption of Bearer Notes or any related Coupons.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Information Memorandum. The following is a summary of certain of those provisions:

1. Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of CGNs represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. In the case of payments made in respect of Notes not being issued outside the Republic of France, proof of non-residency (if any) shall be supplied to the Fiscal Agent by Euroclear, Clearstream, Luxembourg or any Alternative Clearing System in accordance with the rules of such clearing system. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Fiscal Agent or Registrar (as applicable) shall procure that details of each such payment shall be entered *pro rata* In the records of the relevant clearing system and, in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note or Global Certificate, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(g) *(Business Days for Payments).*

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

2. Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate due date.

3. Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.

4. Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Global Note.

5. Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer in accordance with the Conditions relating to such Notes if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6. Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in, and containing the information required by, the Conditions, except that the notice shall not be required to contain the serial numbers of the Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system or Approved Intermediary in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, Euroclear France (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other clearing system (as the case may be).

7. Noteholder's Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time where the permanent Global Note is a CGN presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN or where a Global Certificate is held under the NSS, the Fiscal

Agent or Registrar (as applicable) shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly. To exercise the Non-Extension Option in relation to any Automatic Extension Date in respect of any Notes held by a Noteholder while such Notes are represented by the Original Permanent Global Note or, as the case may be, the Original Global Certificate, the holder thereof must, during the relevant Exercise Period, (i) deliver to the relevant clearing system a duly completed Non-Extension Option Exercise Notice in respect of such Notes and (ii) arrange with the relevant Clearing System for such Notes to be "blocked" in the relevant participant's account with such clearing system until such Automatic Extension Date.

8. NGN nominal amount

Where the Global Note is a NGN or a Global Certificate is held under the NSS, the Fiscal Agent or Registrar (as applicable) shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note or Global Certificate (as applicable) shall be adjusted accordingly.

9. Event of Default

Each Global Note and Global Certificate provides that the holder may cause such Global Note, or a portion of it, or Registered Notes represented by such Global Certificate, as the case may be, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note or Registered Notes represented by such Global Certificate that is becoming due and repayable. Following the giving of a notice of an Event of Default by or through the relevant clearing system(s) or depositary, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of an amended and restated Deed of Covenant executed as a deed by the Issuer on 5 July 2016 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused. So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, the last sentence of Condition 10 is not applicable.

10. Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate except that, so long as the relevant Notes are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the Regulated Market and the rules of the Luxembourg Stock Exchange so require, notices shall also be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort)* and/or on the website of the Luxembourg Stock Exchange ("www.bourse.lu") and, so long as such Notes are listed or admitted to trading on any stock exchange and the rules of such stock exchange so require, in a leading daily newspaper with general circulation in the city/ies where such stock exchange(s) is/are situated.

11. Consolidation

A Global Note or Global Certificate may be amended or replaced by the Issuer (in such manner as it considers necessary, after consultation with the Consolidation Agent) for the purposes of taking account of the consolidation of the Notes in accordance with Condition 13. Any consolidation may require a change in the relevant common depositary or central depositary, as the case may be.

DEXIA CRÉDIT LOCAL

Introduction

DCL is a French corporation (*société anonyme*) administered by a Board of Directors, as governed by Articles L. 225-17 and *seq*. of the French Commercial Code and a banking institution (*établissement de crédit*) governed by Articles L. 511-1 and seq. of the French Monetary and Financial Code. DCL is registered with the Clerk of the Commercial Court of Nanterre (*Registre du Commerce et des Sociétés de Nanterre*) under number 351 804 042. Its registered office and chief place of business is: Tour Dexia, La Défense 2, 1, Passerelle des Reflets, 92913 La Défense Cedex, France. The telephone number at DCL's registered office is (+33) 1 58 58 77 77.

DCL is a subsidiary of Dexia SA, a public limited company (*société anonyme*) and financial holding company governed by Belgian law whose shares are listed on Euronext Brussels and Paris as well as on the Luxembourg Stock Exchange. As its main operating entity, DCL holds almost all of the Dexia Group's assets. As at 31 March 2016, DCL had 1,103 employees.

History

Crédit Local de France ("**CLF**") was formed by the French State in 1987 upon the transfer to it of the *Caisse d'aide à l'équipement des collectivités locales* and was privatised by the French State in 1991 and in 1993. In 1996, CLF and Crédit Communal de Belgique pooled their activities and formed a single group called Dexia. As part of this restructuring, CLF contributed all of its assets and liabilities to an inactive entity, Local Finance which was renamed Crédit Local de France. This entity was subsequently renamed Dexia Crédit Local.

DCL specialised historically in public and project finance for the local public sector but also provided financing services to the public housing, healthcare and public health sectors. Through its international branches and subsidiaries this type of business was developed in nearly 30 countries around the world, especially in the European Union, North America, Mexico, Australia and Japan.

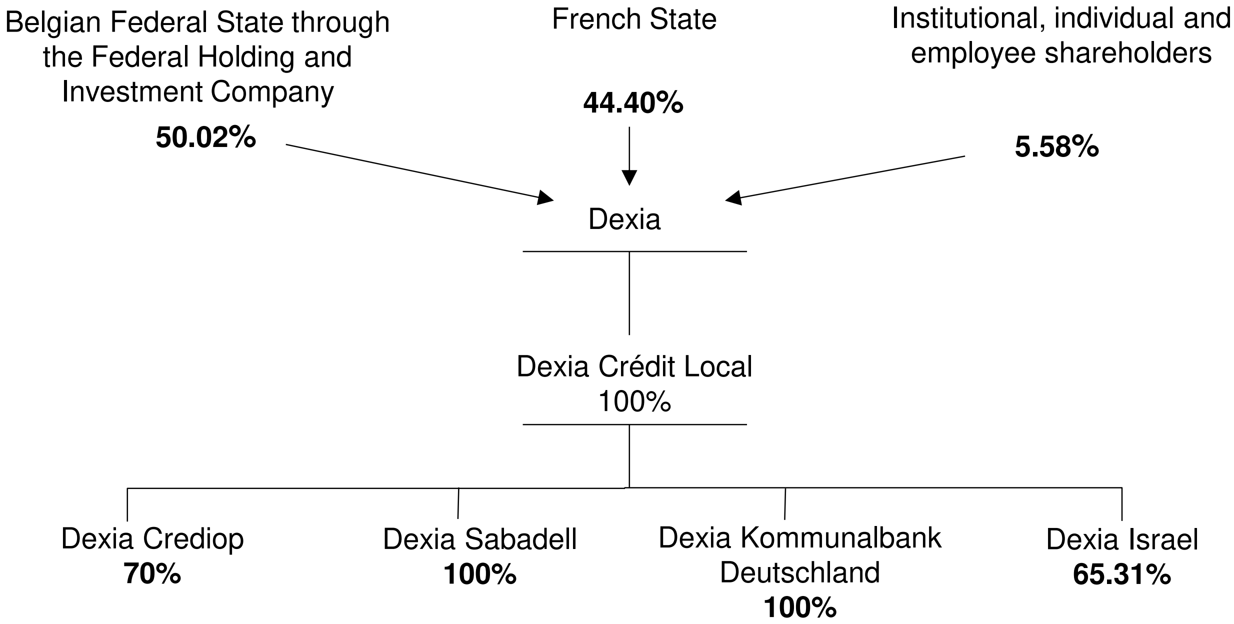
Organisational structure

As of the date of this Information Memorandum, DCL is the main subsidiary of Dexia, which has been managed with a view to working towards its orderly resolution since the end of 2011. On 28 December 2012, the European Commission ratified Dexia's revised Orderly Resolution Plan, submitted by the Belgian, French and Luxembourg States. The Orderly Resolution Plan (as defined below) called for the sale of those operating entities which were considered to be viable in the long term, in order to enable them to continue their development outside the Dexia Group. The remaining residual assets are to be managed in run-off until extinction, not being compensated by any new commercial production (other than in limited circumstances).

See "*Dexia Crédit Local—Orderly Resolution Plan*".

Following the convergence of Dexia and DCL after the finalisation of the sale process, DCL's consolidated balance sheet amounted to EUR 237 billion as at 31 March 2016 compared to EUR 238 billion for the Dexia Group. Furthermore, the governance of both Dexia and DCL has been simplified and integrated; the members of the Dexia Management Board and Board of Directors are also members of the DCL Management Board and Board of Directors.

Simplified Group structure as at 31 March 2016



Orderly Resolution Plan

The Dexia Group encountered serious refinancing difficulties in the autumn of 2011, in the wake of the worsening European sovereign debt crisis, leading to the announcement of the implementation of an orderly resolution plan, entailing a number of consequences for DCL.

Because the plan involved State Aid in the form of a funding guarantee granted by the Belgian, French and Luxemburg States as well as a capital increase by the Belgian and French State, it had to be submitted to the European Commission for approval under EU State Aid rules. The States of Belgium, France and Luxembourg initially submitted the plan to the European Commission on 21 March 2012. Subsequently, following active discussions between Dexia, the States, the European Commission and the European, Belgian and French central banks and supervisors, certain hypotheses and principles in the business plan underlying the plan submitted by the States to the Commission in March 2012 were changed. This resulted in a revised orderly resolution plan being submitted to the European Commission on 14 December 2012, and approved by it in a decision of 28 December 2012 (the "**Orderly Resolution Plan**").

The purpose of the Orderly Resolution Plan was to prevent the materialisation of the systemic risk that the bankruptcy of the Dexia Group would represent to the Belgian, French and European financial systems. It called for the sale of those operating entities which were considered to be viable in the long term, in order to enable them to continue their development outside the Dexia Group. The remaining residual assets are to be managed in run-off until extinction, not being offset by any new commercial production (other than in limited circumstances). Due to the size of its balance sheet and the specific nature of the residual assets, which have in general a very long maturity, the Orderly Resolution Plan will have to be managed over the very long term.

DCL plays an important role in ensuring a controlled run-off of the Group's balance sheet in order to preserve financial stability and minimise the cost for the States as shareholders of Dexia as well as guarantors of part of Dexia's liabilities. The orderly wind-down of the balance sheet requires the Group to have a banking licence and benefit from explicit government support. The link to the Belgian and French States is further reinforced by the influence they will have on Group strategy. Given the systemic importance of the Dexia Group and the resulting public interest in stabilising the

Group, the Belgian, French and Luxembourg States have committed to important support measures, as discussed in further detail below.

Implementation of a definitive liquidity guarantee

In order to enable Dexia to successfully complete the Orderly Resolution Plan, the Belgian, French and Luxembourg States provided DCL with a EUR 85 billion principal amount funding guarantee (the "**Guarantee**"). This Guarantee, which came into force on 24 January 2013, should allow the Dexia Group to fund its balance sheet over the long term. Only issuances by DCL (acting directly or through any of its branches, including its New York branch) may be covered by the Guarantee.

The Guarantee, which is several but not joint is spread 51.41% for Belgium (or a maximum amount of EUR 43.6985 billion in principal), 45.59% for France (or a maximum amount of EUR 38.7515 billion in principal) and 3% for Luxembourg (or a maximum amount of EUR 2.55 billion in principal). It covers funding raised in the form of securities and financial instruments, and deposits or borrowings until 31 December 2021 with a maximum maturity of ten years. The State remuneration under this guarantee was set at 0.05% (5 basis points) per annum. These costs are in addition to an up-front commission of EUR 150 million.

After examining the terms of the funding guarantee granted by the Belgian, French and Luxembourg States on 24 January 2013, at the beginning of 2013 the three main rating agencies attributed a rating to the issuance programmes concerned. The short and long-term guaranteed debt programmes of DCL were rated A-1+ and AA by Standard & Poor's, F1+ and AA by Fitch Ratings and P-1 and Aa3 with stable outlook by Moody's, reflecting the rating of Belgium, the main guarantor.

See "*The Guarantee*".

Recapitalisation undertaking by the Belgian and French States

Following the full impairment of the DCL holding in the books of Dexia posted on 7 November 2012, the Belgian and French States undertook to subscribe in full to a capital increase of EUR 5.5 billion in the capital of Dexia. The capital increase was realised on 31 December 2012 through the issue of preference shares with voting rights. This capital increase has been calibrated so as to enable the Group's orderly resolution to continue in accordance with the terms validated by the European Commission. It was subscribed 53% by Belgium and 47% by France and resulted in the Belgian and French States holding 50.02% and 44.40%, respectively.

Following this capital increase, Dexia subscribed to a capital increase of DCL of EUR 2 billion including issue premium, bringing the share capital of DCL to EUR 1,286,032,212. On 16 December 2014, the combined shareholders' meeting approved the reduction of the share capital of DCL. This capital reduction in an amount of EUR 1,062,374,436, intended to partially eliminate the company's debts, was realised by reduction of the nominal value of the 223,657,776 shares comprising the share capital from EUR 5.75 to EUR 1.00. On 31 December 2014, the share capital of DCL amounted to EUR 223,657,776.

On 28 June 2016, DCL's Extraordinary Shareholders' Meeting approved a capital increase of the company by EUR 250,000,000 (including issue premiums) by the issue of 55,555,556 new shares each with a nominal value of EUR 1. The new shares were fully subscribed by Dexia S.A., the DCL parent company, at a price of EUR 4.50 per share. As a consequence, DCL share capital rose from EUR 223,657,776 to EUR 279,213,332 and the total number of shares comprising that capital increased from 223,657,776 to 279,213,332.

Behavioural undertakings

In connection with the approved Orderly Resolution Plan, certain provisions of the restructuring plan validated by the European Commission on 26 February 2010 were amended or renewed, including:

(i) prohibition on payments of discretionary coupons or early redemption on hybrid Tier 1 or Tier 2 instruments. The group may proceed with specific offers to repurchase such instruments subject to certain conditions, including the European Commission and regulator approvals;

(ii) prohibition on acquisition of other credit institutions, investment companies or insurance companies; and

(iii) observance of the principles of remuneration established within the context of the G20 and national bodies regarding the remuneration of members of the management board and executive committee of Dexia and the Group's main operating entities.

With respect to paragraph (i) above, beginning in 2014, the European Commission has, however, refused to authorise Dexia to repurchase the XS0273230572 financial instrument issued by Dexia Funding Luxembourg stating that subordinated creditors must share in the financial burden resulting from the restructuring of financial institutions having been granted State Aid.

Financial instrument FR0010251421 issued by DCL has similar characteristics.

Recent developments

Recognition of Dexia's specific and unique situation

Since the introduction of the Single Supervisory Mechanism ("**SSM**"), Dexia has been under the direct prudential supervision of the ECB. As such, the implementation of the Orderly Resolution Plan has been the subject of prolonged discussions with the supervisor, especially during the course of 2015.

Considering Dexia's specific and unique situation as a bank in orderly resolution, the public nature of its shareholder structure and the liquidity guarantee put in place by the Belgian, French and Luxembourg governments, and in order to maintain financial stability, an objective of the orderly resolution plan, the ECB has been applying a tailored, pragmatic and proportionate prudential supervisory approach to Dexia.

The resulting proportionate use of supervisory powers notably assumes that Dexia's situation does not deteriorate significantly. A reversal of this approach may have a material adverse effect on the activity (including the credit institution status) of Dexia and consequently, on its financial condition.

For instance, this approach authorises the proportionate use of supervisory powers in view of the constraints of compliance with the liquidity ratios set forth by the CRR, including in particular enhanced reporting on Dexia and DCL's liquidity position. Despite the significant progress made by the Group in terms of reducing its liquidity risk, the financial characteristics of Dexia and DCL since their entry into resolution do not allow them to ensure compliance with certain regulatory ratios over the term of the Orderly Resolution Plan approved by the European Commission.

These specific circumstances resulting from the Orderly Resolution Plan are reflected in the level of the Liquidity Coverage Ratio ("**LCR**") for which there has been a minimum requirement of 60% since 1 October 2015, raised to 70% since 1 January 2016. As at 31 December 2015, DCL's LCR was 54%.

Evolution of the funding profile

DCL's funding requirement evolved in contrasted ways in 2015 against a background marked by the severe volatility of interest and exchange rates.

In the first quarter, the fall in long-term interest rates, coupled with the weakening of the euro, in particular against the U.S. dollar and the pound Sterling, resulted in an increase of net cash collateral posted by DCL with its derivatives counterparties, reaching a maximum amount of EUR 38 billion in April 2015, this in turn generating an increase in the funding requirement.

The strengthening of the euro in the second quarter of 2015 and the rise of long-term interest rates resulted in a reduction of the amount of net cash collateral posted by the Group to its derivatives counterparties and a consequential fall in the funding requirement in the middle of the year. During the second half of 2015, the funding requirement continued to fall slightly, as a result of the reduction of the asset portfolio but this impact was partially offset by the increase of the cash collateral to be posted, which reached EUR 32 billion at 31 December 2015, despite a downward trend in long-term interest rates.

In 2015, DCL continued to evolve its funding structure favourably, in particular by exiting the special and exceptional funding mechanisms introduced in 2012 upon its entry into resolution and reducing its reliance on central bank funding.

Despite adverse circumstances generating high volatility in its funding requirement, DCL repaid the remaining guaranteed debt held by Belfius, for an amount of EUR 10 billion. In total, EUR 12.8 billion was repaid to Belfius between December 2014 and 28 February 2015. In addition, DCL repaid the EUR 19 billion guaranteed bank bonds used within the framework of the special own-use mechanism[5] granted by the European Central Bank (ECB). A first tranche of EUR 13 billion was repaid in the first quarter of 2015. The repayment of the second tranche of EUR 6 billion took place in the fourth quarter. Furthermore, in the first quarter of 2015, DCL redeemed the remainder of EUR 33.5 billion subscribed with the ECB in the form of VLTRO[6], which was only partially replaced by the LTRO[7] and MRO[8]. The redemption of aforementioned funding was an important milestone in terms of liquidity management. This key phase enabled DCL to begin to redraw the contours of a more stable funding profile over time.

In 2015, DCL successfully issued several syndicated benchmark transactions denominated in euros, U.S. dollars and pounds Sterling, with maturities ranging from three to ten years. In addition, strong private placement activity brought the total debt issued in 2015 to EUR 9.3 billion, USD 2.7 billion and GBP 1.5 billion. At the same time, DCL was very active in short-term funding through the use of its guaranteed euro and U.S. dollar programmes with 363 short-term transactions completed for a total of EUR 48.9 billion with an average maturity exceeding seven months. As at 31 December 2015, the outstanding guaranteed debt was down, at EUR 61 billion, compared to EUR 73 billion as at 31 December 2014.

DCL also continued to develop short- and long-term secured market funding, increasing outstandings by EUR 2.9 billion to EUR 67.4 billion as at 31 December 2015 compared to EUR 64.5 billion as at 31 December 2014.

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5 *"Own-use": use by the Dexia Group, as collateral with the Eurosystem, of securities issued by Dexia Crédit Local and guaranteed by the States.*

6 *VLTRO or Very Long Term Refinancing Operations are exceptional refinancing operations at 3 years launched in December 2011 and February 2012 respectively by the European Central Bank to support liquidity on the interbank market and to facilitate the financing of the real economy.*

7 *LTRO or Long Term Refinancing Operations are long-term refinancing operations. They constitute a standard refinancing tool used by banks with the Eurosystem.*

8 *MRO or Main Refinancing Operations are short-term refinancing operations; They constitute a standard refinancing tool used by banks with the Eurosystem.*

Dexia also reduced its funding subscribed with the ECB to EUR 15.9 billion as at 31 December 2015, including EUR 11.9 billion in the form of LTRO and EUR 4 billion in the form of MRO.

As a consequence, as at 31 December 2015, guaranteed funding, secured funding and central bank funding represented 37%, 42% and 10%, respectively, of DCL funding, against 31%, 38% and 20%, respectively as at 31 December 2014, with the remainder representing other unsecured, non-guaranteed funding. As at 31 December 2015, DCL had a liquidity buffer of EUR 6.3 billion, including EUR 2.1 billion of assets eligible for ECB refinancing.

Funding activity was dynamic in the first quarter of 2016, marked by the continuation of various guaranteed issue programmes. Indeed DCL successfully issued various long-term public transactions in euros, US dollars and pound Sterling, enabling it to raise the equivalent of EUR 5.5 billion, and executed EUR 1.7 billion in additional private placements over the quarter. The average term of this funding is 4.3 years. Short-term guaranteed funding activity was also sustained, both in euros and in US dollars. DCL's short-term funding has a relatively long average term, of 7.3 months. As a consequence, outstanding guaranteed funding was up, at EUR 67.7 billion as at 31 March 2016, against EUR 60.9 billion at the end of December 2015.

At the same time, the outstanding on secured market funding was EUR 66.4 billion as at 31 March 2016.

DCL reduced its use of ECB funding by EUR 3.8 billion over the first quarter of 2016, taking total outstanding to EUR 12.1 billion as at 31 March 2016, including EUR 9.2 billion in LTRO and EUR 2.9 billion in MRO.

As at 31 March 2016, DCL had a liquidity reserve of EUR 14.5 billion, including EUR 6.6 billion in assets eligible for ECB refinancing.

Towards a simplification and greater integration of the operating model

In line with the objectives of the business plan launched in 2013, in 2015 DCL continued its efforts to adapt its operating model in two strategic directions: the Group's operational simplification and centralisation. Various projects result from this objective.

Simplification of the Group structure

In 2015, the Dexia Group progressed in the implementation of its orderly resolution plan through the restructuring or closing of Group entities.

Following Dexia Crediop being placed in run-off in July 2014, a study was launched with the aim of simplifying the organisation of the Italian bank and reducing its costs. This resulted in an agreement with social partners, on 18 March 2015 and a reduction of the workforce by 53 to 124 members of staff. As at 31 December 2015, all planned departures were effective.

Dexia Credito Local Mexico, the Dexia Group subsidiary previously active in local authority financing in Mexico, had its residual assets transferred to a new Mexican trust beneficially owned by Dexia and the New York branch of Dexia Crédit Local.

Dexia Kommunalkredit Bulgaria EOOD, the subsidiaries SISL in Luxembourg and Dexia CAD Funding LLC in the United States were liquidated.

Dexia Luxembourg, previously Dexia LdG Banque and the covered bond issuer for the Dexia Group in Luxembourg, relinquished its banking licence as it is expected to be liquidated in 2016.

Outsourcing the operational processing chain for market activities

In order to manage its residual assets in run-off, DCL must maintain its operational continuity. For certain activities, this requires significant investments that must be considered in conjunction with the Group's financial capabilities and expected profitability over the term of the resolution.

DCL began studying the opportunity to outsource all or some of the Middle and Back Office functions linked to market operations and their technical infrastructures. In addition to maintaining a high level of service, outsourcing these activities would enable DCL to adjust its costs, particularly by avoiding significant investments in IT systems and any threshold effects associated with the gradual reduction of the balance sheet.

After thoroughly studying the proposals of various service providers, in September 2015, DCL decided to further analyse Société Générale's proposals and entered an exclusive phase of due diligence. To date, the due diligence process is progressing at a sustained pace. Implementation of this project is subject to the approval of the supervisors and DCL staff representative bodies. DCL is paying particular attention to the future of its staff members affected by this work and has undertaken an information/consultation process with staff representative bodies, maintaining continuous and constructive dialogue.

Centralisation of operations

In 2015, DCL finalised the integration of Dexia Management Services (DMS), its subsidiary in the United Kingdom. DCL relinquished DMS's licence with the Financial Conduct Authority and integrated all of the support functions as well as a large number of the Front Office functions in to the Paris office of DCL. Four staff members are still based in the United Kingdom to serve customers.

An in-depth study was also performed to establish the best options for the conduct of DCL operations in Spain and Portugal. Although DCL's presence is already limited in those two countries, at present it operates two legal entities there: Dexia Sabadell S.A., its subsidiary based in Madrid, and its branch in Lisbon named Dexia Sabadell S.A., Portugal branch.

On 31 December 2015, Dexia Sabadell S.A.'s balance sheet totalled EUR 10 billion including a loan portfolio of EUR 8.1 billion comprised mostly of public sector and project finance.

The scenario studied and submitted for approval to the competent bodies within Dexia Sabadell and DCL, subject to the approval of the supervisors and consultation with staff representative bodies, is that of a cross-border merger between DCL and Dexia Sabadell with DCL as the surviving entity and a transfer of the asset management of the two Spanish and Portuguese entities to the DCL management systems in Paris. It would result in the creation of two DCL branches, one in Spain and the other in Portugal, and would enable the Group to have a simpler and more homogenous organisation relying on the systems and teams of the Paris head office. The completion of this merger would enable DCL to continue the streamlining and centralisation of its operating model and thus to reduce its costs and its operating risks.

The merger will be effective in 2016, with retroactive accounting effect as at 1 January 2016.

Ratings

DCL's senior unsecured ratings (long-term and short-term) are as follows (5 July 2016):

- Moody's: Baa3 stable outlook /P-3;
- S&P: BBB stable outlook/A-2;

- Fitch: BBB+ stable outlook/F2.

Management

As at 5 July 2016, DCL is managed by the following persons:

- Wouter Devriendt (*Chief Executive Officer*)
- Claude Piret (*Deputy Chief Executive Officer*)
- Véronique Hugues (*Deputy Chief Executive Officer*)

In addition to these members, DCL's Management Committee also includes the following members:

- Johan Bohets (*Chief Risk Officer*)
- Benoît Debroise (*Head of Financing & Markets*)

As at 5 July 2016, the Board of Directors of DCL consists of the following members:

- Robert de Metz (*Chairman of the Board of Directors*)
- Wouter Devriendt (*Executive Director*)
- Claude Piret (*Executive Director*)
- Véronique Hugues (*Executive Director*)
- Johan Bohets
- Koen Van Loo
- Thierry Francq
- Alexandre De Geest
- Paul Bodart
- Bart Bronselaer
- Michel Tison
- Corso Bavagnoli
- Alexandra Serizay
- Lucie Muniesa

The business address of all of the directors is 1, Passerelle des Reflets, Tour Dexia, La Défense 2, 92913 La Défense Cedex , France.

Litigation

DCL and its subsidiaries are subject to a number of regulatory investigations and are named as a defendant in a number of lawsuits, including class action lawsuits in the United States and Israel.

Certain lawsuits in connection with which DCL and its subsidiaries are acting as claimant might have an impact on the financial position of DCL as described below.

The most significant litigations include a certain number of litigations by local authorities to whom structured loans were granted.

According to the information available to Dexia at the date of this Information Memorandum, disputes and investigations in progress other than those summarised below, are not expected to have a material impact on the Group's financial position, or it is still too early to accurately assess whether they will have such an impact.

The consequences, as assessed by Dexia in accordance with the information available to it of the principal disputes and investigations liable to have a material impact on the Dexia Group's financial position, performance or activities are reflected in the Dexia Group's consolidated financial statements. Subject to the general terms and conditions of professional indemnity and executive liability insurance policies taken out by Dexia, any negative financial consequences of some or all of these disputes and investigations may be covered, in full or in part, by those policies and, subject to the insurers in question accepting these risks, may be offset by any payments that Dexia may receive under the terms of those policies.

Dexia Crédit Local

The Issuer is involved in a number of disputes with French local authorities and related entities to which it has granted so-called "structured" loans. As at 31 March 2016, 95 clients are engaged in proceedings against the Issuer in connection with structured loans (as compared to 221 clients as at 31 March 2015), of which 71 relate to structured loans held by CAFFIL (formerly, Dexia Municipal/Agency, a 100% subsidiary of the Issuer), a 100% subsidiary of SFIL, 19 relate to structured loans held by the Issuer and 5 relate to both institutions. Notwithstanding that the Issuer did not give any representation or warranty on the loans of CAFFIL at the time of sale of SFIL in January 2013, the Issuer, as legal representative of CAFFIL up to the time of sale, remains responsible for any damages granted to a borrower as a result of a proven breach by the Issuer of its obligations relating exclusively to the origination or the commercialisation of the structured loans held by CAFFIL up to the time of sale.

In view of the specific risk which might arise from the generalisation of the case law resulting from the ruling of 8 February 2013 of the Superior Court of Nanterre (*Tribunal de Grande Instance de Nanterre*) (failure to state the Effective Annual Percentage Rate ("**EAPR**") in the faxes or the interest rate applicable to an interest period), the French state decided to modify the legal framework relating to the structured loans.

The law on "the securing of structured loan contracts subscribed by legal entities under public law" was published in the Official Journal on 29 July 2014. It applies to the ongoing judicial procedures referred to above. This law contributes to securing the legal environment for lenders, by validating the contracts contested on the grounds of the absence of mention of the EAPR in the faxes sent in advance of the contract or default in communicating the rate and term, which is a positive development as the former case law required the lender to receive only the statutory interest rate in the case of an erroneous EAPR. Furthermore, if the borrower can prove that the EAPR is erroneous, the law stipulates that, if the original EAPR is higher than the correctly calculated EAPR, the borrower can benefit from the difference between both rates, applied to the capital remaining due at each payment date.

The Superior Court of Nanterre has confirmed the valid application of the law in a ruling dated 25 September 2015 and applied the same principle for the subsequent decisions.

At the same time, the French Government also created a support fund pursuant to article 92-I of the 2014 Finance Act. This fund relates to the most sensitive loans and is intended for local authorities and local public institutions as well as authorities overseas and in New Caledonia which subscribed structured loans before 2014.

The support fund is aimed at providing the borrowers concerned with aid towards the early redemption of these loans. The aid is calculated on the basis of indemnities due upon early redemption. Access to this fund is also conditional on the borrower waiving any legal action in relation to the loans for which financial aid is requested.

On 24 February 2015, following the deterioration of market conditions for certain loans, the French Government decided that the size of the fund would be doubled for local authorities (from EUR 1.5 billion up to EUR 3 billion) and that the amount of the indemnities that the support fund can provide is increased up to 75% of the amount of the early termination indemnity. The aid portion proposed for public hospitals rose from EUR 100 million to EUR 400 million.

A large majority of the qualifying applicants submitted their requests before the deadline of 30 April 2015. As from September 2015 (and ongoing through May 2016), the fund notified borrowers of its decisions to attribute grants. Borrowers need to communicate their decision whether to accept the aid or not and then sign a Protocol with Dexia, within three months after reception of the notification, which terminates any litigation procedure before the courts.

In 2015, DCL continued its voluntary action to assist French local authorities, in order to reduce the outstanding principal amount of its sensitive structured loans to EUR 973 million as at 31 December 2015, a reduction of 20% compared to the end of the 2014 and of 50% compared to the end of 2012.

Even though these recent modifications represent a significant evolution for the Issuer, they do not resolve the other proceedings based on other grounds ongoing at the date of this Information Memorandum. At present, the Issuer is not able to predict the outcome of these proceedings and to assess their potential financial repercussions.

In a dispute between a French municipality and CAFFIL/DCL with respect to a structured loan booked on the balance sheet of CAFFIL, the Superior Court of Nanterre dismissed in June 2015 the requests of the borrower for, inter alia, the nullity of the contract and confirmed the validity of the loan agreement until its maturity date. However, the Court found DCL and CAFFIL partly responsible for not respecting the duty of provision of information, and held that the compensation for the loss of opportunity not to enter into a structured loan should be based on a reduction of the interest to be paid to the lender. The municipality has appealed this decision. In other disputes, the Superior Court of Nanterre dismissed all the borrower's demands and recognised the validity of the contract, the validity of the borrower’s obligations and the Issuer’s compliance with its duty of provision of information.

Dexia Kommunalbank Deutschland

Dexia Kommunalbank Deutschland, a German subsidiary of DCL, has also been sued in a small number of litigations relating to structured credits. Positive decisions were obtained in the first instance for three of the files. The plaintiffs have appealed the decisions.

Financial Security Assurance

Financial Security Assurance Holdings Ltd. ("**FSA Holdings**") and its subsidiary, Financial Security Assurance Inc. ("**FSA**") (since renamed Assured Guaranty Municipal Corp., hereinafter referred to as "**AGM**"), previously subsidiaries of the Dexia Group, are being investigated in the United States by the Antitrust Division of the U.S. Department of Justice (the "**U.S. DOJ**"), the U.S. tax authorities and the SEC on the grounds that they allegedly violated the laws and regulations applicable to requests for proposals and the contracting of various transactions with local governments, including the marketing of guaranteed investment contracts ("**GICs**") entered into with issuers of municipal bonds. Several U.S. States have initiated parallel, similar investigations. The GICs that are the subject of these investigations and subpoenas were issued by subsidiaries of FSA Holdings that are currently subsidiaries of the Dexia Group in exchange for funds invested by U.S. municipalities, or in favour of issuers of securitised debt. GICs, whose terms and repayment conditions vary, entitle their holders to receive interest at a guaranteed rate (fixed or variable) and a repayment of principal. The payment of principal and interest on the GICs was guaranteed by AGM and remains so subsequent to that company's acquisition by Assured Guaranty Ltd.

In addition to the government investigations described above, a large number of banks, insurance companies and brokerage firms, including in some cases FSA Holdings, Dexia and/or AGM, have been named as defendants in various civil proceedings relating to municipal GICs and other transactions entered into with local authorities. These civil claims are based on alleged breaches of antitrust laws and other laws and regulations. Almost all these civil proceedings have been consolidated for pre-trial purposes before the U.S. District Court for the Southern District of New York.

In addition to its direct exposure as defendant in some of these legal actions, under the terms of the sale of FSA Holdings and AGM to Assured Guaranty Ltd, Dexia retained the Financial Products business and agreed to indemnify AGM and Assured Guaranty Ltd for any losses related to this business that these companies may incur as a result of the investigations and lawsuits referred to above.

On 8 January 2014, the SEC concluded its investigation into FSA Holdings and, based on the information available to it at that date, found that there were no grounds for it to continue its investigations into FSA Holdings.

On 27 July 2010, the U.S. DOJ indicted the former AGM employee, Steven Goldberg, together with two former colleagues of Mr. Goldberg at his previous employer, in the bid-rigging case. The U.S. DOJ did not charge either AGM or any other entity in the Dexia Financial Products Group in connection with its indictment of Mr. Goldberg. Mr. Goldberg was found guilty of fraud on 11 May 2012, and received a custodial sentence and a fine at the end of October 2012. However, on 26 November 2013 the U.S. courts overturned the verdict against Mr. Goldberg and released him from custody.

The U.S. District Court for the Southern District of New York managing the civil cases ordered that document production and other discovery in the individual civil actions that involve Dexia and FSA entities be completed by 15 June 2016. Civil plaintiffs have served deposition notices on certain current or former FSA employees. The plaintiffs requested that the depositions take place in May 2016.

In spite of recent developments, DCL is not able at present to reasonably predict the duration or outcome of the various investigations and legal proceedings in progress, or their potential financial repercussions. Furthermore, due to the nature of these investigations as well as the civil proceedings relating to the same matters, any indication as to whether provisions have been set aside in connection with these investigations or disputes or their subject matter and, if so, the amount of any such provisions, could seriously prejudice DCL's legal position or defence in connection with those legal actions or any related proceeding.

Dexia Crediop

Like other Italian financial institutions, Dexia Crediop is involved in legal proceedings in Italy and in the United Kingdom regarding hedging transactions (which required recourse to derivative instruments such as swaps), entered into in connection with debt restructuring and/or funding transactions with several Italian regions, cities and provinces.

In 2014, the Italian Supreme Court definitively recognised the earlier ruling of the Council of State, which confirmed the validity of the derivative instruments. However, the Italian Supreme Court confirmed in 2013 that Italian courts (both administrative and civil) do not have standing to decide on disputes relating to swap agreements. Rather, English courts have jurisdiction on such disputes. This decision was confirmed in similar pending cases.

On 11 June 2015, the Province of Milan served two claims on Dexia Crediop, concerning different swap agreements and a loan agreement entered into between Dexia Crediop and the Province of Milan. The allegations are similar to the previous cases, but the Province of Milan also alleged that Dexia Crediop acted in a conflict of interest. On 15 October 2015, Dexia Crediop was served with two alternative dispute resolution applications by the Province of Milan, but the parties failed to reach an agreement. On 7 December 2015, Dexia Crediop filed a claim against the Province of Milan before the High Court of London, seeking a declaration that the swap agreements are valid, legal and binding. On 17 June 2016, the High Court of Justice in London handed down a default judgment against the Province of Milan, confirming the validity of the derivative instruments.

Dexia Crediop was also served on 16 March 2016 with a writ by the Province of Brescia, with a request for Alternative Dispute Resolution ("**ADR**"). The allegations are similar to the previous cases including the advisory agreement but in this case governed by Italian law and subject to Italian jurisdiction. On 18 March 2016, the Province of Brescia served Dexia Crediop with a deed of summons before the Civil Court of Rome alleging the contractual liability of Dexia Crediop in relation to the advisory agreement.

Contrary to previous rulings, on 25 June 2015, the High Court of Justice in London handed down a judgment unfavourable to Dexia in relation to an interest rate swap entered into in 2006 by Dexia and the Italian local authority of Prato. The decision was based on Italian law, which, according to the court, requires that the swap agreements provide for an opt-out right for the counterparty. Dexia has appealed the decision.

In three cases, criminal charges have been brought in Pisa, Prato and Messina against Dexia Crediop and certain of its employees which, if maintained, could also imply administrative liability on the part of Dexia Crediop for failing to take appropriate steps to prevent its employees from committing the alleged crimes. The employees in question and Dexia Crediop deny any charges brought against them in this regard. Criminal charges for alleged fraudulent behaviour on the part of certain Dexia Crediop employees and/or Dexia Crediop brought by the Region of Tuscany and the Region of Puglia were dismissed on respectively 14 January 2013 and 14 October 2014.

On 4 February 2016, Dexia Crediop was served with a formal claim by the Livorno Reti e Impianti S.p.A._("**LIRI**") (in voluntary wind-up since 12 August 2014), challenging a loan agreement entered into by LIRI with Dexia Crediop (in a pool with another financial institution). LIRI alleges, *inter alia*, that the loan agreement has an embedded derivative agreement including hidden costs.

Dexia Crediop is involved in litigation concerning the Istituto per il Credito Sportivo ("**ICS**") in which Dexia Crediop is a quotaholder, together with other Italian financial institutions. Certain quotaholders of ICS have challenged the legal qualification of subsidies granted to ICS, which were therefore recharacterised as equity. The pro rata shareholdings in ICS and the dividend distributions since 2005 are being contested through legal proceedings, after self-redress decisions regarding the annulment of the by-laws and of the decision on dividend distribution were taken. On 21 September 2015, the Council of State rejected the appeal of Dexia Crediop and the other ICS quotaholders by confirming the previous judgment and the annulment of the 2005 by-laws, stating *inter alia* that decisions on dividend distributions are subject to the Civil Court's jurisdiction. Dexia Crediop has decided not to appeal the judgment of the Council of State. The proceedings relating to the dividend distributions are ongoing.

Finally, on 5 April 2016, Dexia Crediop was served with a deed of summons by the extraordinary commissioners of the Provincia Italiana della Congregazione dei Figli dell'Immacolata Concezione ("**PICFIC**"), regarding two transfer agreements of 2012, by which Dexia Crediop purchased healthcare receivables owed by several Health Local Authorities of the Region of Lazio. Prior to the payment of the purchase price by Dexia Crediop to PICFIC, the relevant local authorities, together with the Region of Lazio, granted a formal certification of the healthcare receivables and represented that such receivables were certain, due and payable. Dexia Crediop has been sued before the Civil Court of Rome. The commissioners are challenging the transfer agreements, which would be subject to claw-back pursuant to Italian bankruptcy law.

At present, Dexia Crediop is unable reasonably to predict the duration or outcome of these proceedings, or their potential financial repercussions.

Dexia Israel

In December 2011, individual shareholders filed a class action with the District court in Tel Aviv against DCL, DIL and the Union of Local Authorities in Israel (ULAI). This action is based, *inter alia*, on an alleged failure to complete the process of equalising of the 5 share classes, and the harmonisation of the voting/economic rights attached to shares in DIL. On 7 October 2014, a new derivative action was brought by certain shareholders (including one of the authors of the class action of December 2011) against DCL, DIL's CEO and 13 of DIL's current and former directors. The claim relates to an alleged boycott of local authorities by DIL in the production of loans in the provinces of Judea and Samaria. A settlement was agreed between the parties in order to end the two litigations in January 2016. Provided that the settlement is approved by the Court, DIL will initiate an equalisation process of its categories of shares and pay a NIS 25 million dividend to all shareholders, while the claimants have agreed to fully waive all their claims. The approval process of this settlement is ongoing. No minority shareholder has opted out.

Heta Asset Resolution AG

On 1 March 2015, within the framework of the federal law on the reorganisation and resolution of banks, the Austrian financial market supervisory authority published a decree on the adoption of resolution measures consisting of a temporary moratorium on a substantial portion of the debt of Heta Asset Resolution AG ("**HETA**"), guaranteed by the Province of Carinthia. On 10 April 2016, this debt was partially cancelled through a bail-in imposed by the Austrian regulator.

Through its subsidiary Dexia Kommunalbank Deutschland AG ("**DKD**"), DCL has an exposure of EUR 417 million[9] to the debt of HETA concerned by the bail-in imposed by the Austrian regulator.

Following the decision of 1 March 2015, DKD decided to book an impairment of EUR 197 million, corresponding to 44% of its notional exposure to HETA and taking into account the total amount of the interest rate derivatives related to these assets.

On 18 May 2016, an agreement was reached between the Republic of Austria and the bondholders of HETA. DKD is a party to this agreement, which sets forth the principle of an exchange offer of the bonds issued by HETA for zero-coupon bonds with a maturity of approximately 13.5 years, issued by the Province of Carinthia via a dedicated special purpose vehicle, and which will benefit from the explicit guarantee of the Republic of Austria.

[9] EAD amount corresponding to EUR 395 million of nominal exposure as previously disclosed.

The offer is expected to be finalised by the end of September 2016, subject to the completion of various conditions. Based on the terms of the memorandum, DCL may be able to record a positive impact of approximately EUR 130 to 140 million on its financial statements.

THE GUARANTEE

*On 24 January 2013: (a) the Kingdom of Belgium, (b) the Republic of France and (c) the Grand Duchy of Luxembourg entered into an Independent On-Demand Guarantee (Garantie Autonome à Première Demande) (the "**Guarantee**") whereby the Guarantors agreed to severally but not jointly guarantee specified obligations of the Issuer, as more fully described in the Guarantee below (the "**Guaranteed Obligations**"). Notes issued under the Programme benefit from the Guarantee, subject to compliance with the terms of the Guarantee. The aggregate principal amount of the outstanding Guaranteed Obligations at 30 June 2016 was EUR 68.2 billion. The following is the text of the Guarantee in French and in English.*

GARANTIE AUTONOME À PREMIÈRE DEMANDE

Le **ROYAUME DE BELGIQUE**, pour 51,41 %,

la **RÉPUBLIQUE FRANÇAISE**, pour 45,59 %, et

le **GRAND DUCHÉ DE LUXEMBOURG**, pour 3 %, (les "**États**")

garantissent par la présente inconditionnellement et irrévocablement, conjointement mais non solidairement, chacun à la hauteur de sa quote-part mentionnée ci-dessus et selon les modalités et conditions fixées par la présente garantie (la "Garantie"), l'exécution par Dexia Crédit Local SA (agissant à partir de ses siège ou succursales, notamment sa succursale de New York, "DCL") de ses obligations de paiement, en principal, intérêts et accessoires, au titre des Obligations Garanties visées ci-dessous.

1. Définitions

Dans la présente Garantie :

"**Contrats**" signifie les prêts, avances, découverts et dépôts visés au paragraphe (b) de la définition d'« Obligations Garanties » ;

"**Détenteurs de Titres**" signifie les détenteurs de Titres et Instruments Financiers autres que les Tiers Bénéficiaires ;

"**Devises Étrangères**" signifie le dollar des Etats-Unis d'Amérique (USD), le dollar canadien (CAD), la livre sterling (GBP), le yen (JPY) et le franc suisse (CHF) ;

"**Engagement Global**" à la signification donnée à l'article 3(b) ;

"**Jour Ouvré**" signifie un jour, autre qu'un samedi ou un dimanche, où les banques sont ouvertes en France, en Belgique et au Luxembourg, à condition :

(a) s'il s'agit d'un jour où un paiement d'Obligations Garanties libellées en Devises Étrangères doit être effectué, que ce jour soit également un jour où les banques du principal centre financier de l'état de cette devise sont ouvertes ; ou

(b) s'il s'agit d'un jour où un paiement d'Obligations Garanties libellées en euros doit être effectué, que ce jour soit également un jour où le système de paiement Trans-European Automated Real-Time Gross Settlement Express Transfer fonctionne pour la réalisation d'opérations de paiement en euros ;

"**Obligations Garanties**" signifie :

(a) les titres et instruments financiers émis par DCL, initialement souscrits par des Tiers Bénéficiaires, qui répondent aux critères prévus à l'Annexe B (*Obligations Garanties*), à l'exclusion (i) des titres et instruments financiers dont les modalités prévoient expressément qu'ils sont exclus du bénéfice de la Garantie, et (ii) des titres et instruments financiers qui bénéficient de la garantie de l'un des trois États à hauteur de 100 % de leur montant en vertu d'une garantie spécifique et séparée ou qui bénéficient d'une garantie spécifique, conjointe mais non solidaire, des trois États ; et

(b) les prêts, avances, découverts et dépôts accordés à DCL, non représentés par un titre ou instrument financier, qui répondent aux critères prévus à l'Annexe B (*Obligations Garanties*), et dont le créancier est un Tiers Bénéficiaire.

"**Tiers Bénéficiaires**" a la signification donnée à l'Annexe A (*Tiers Bénéficiaires*) ; et

"**Titres et Instruments Financiers**" et/ou "**Titre**(**s**) **ou Instrument**(**s**) **Financier**(**s**) ", selon le cas, signifie les titres et instruments financiers visés au paragraphe (a) de la définition d'« Obligations Garanties ».

2. Nature de la Garantie

(a) La Garantie est autonome et payable à première demande. En cas d'appel à la Garantie conformément aux articles 4 et 5, les États renoncent dès lors (sans préjudice de leurs droits envers DCL) à invoquer tout moyen de défense ou toute exception relatifs aux Obligations Garanties ou au non respect par DCL de ses obligations envers les États ainsi que tout autre moyen de défense ou toute autre exception que DCL pourrait faire valoir envers les Tiers Bénéficiaires ou Détenteurs de Titres pour en refuser le paiement, et les États seront tenus envers les Tiers Bénéficiaires ou les Détenteurs de Titres comme s'ils étaient les débiteurs principaux des Obligations Garanties selon les termes de celles-ci, à concurrence de leur quote-part respective. En particulier, les obligations des États en vertu de la présente Garantie ne seront pas éteintes ou affectées par :

(i) la cessation des paiements (que ce soit au sens du code de commerce ou du code monétaire et financier français), l'insolvabilité, la dissolution, la radiation ou tout autre changement de statut de DCL ;

(ii) l'illégalité des Obligations Garanties ;

(iii) l'illégalité des obligations d'un autre État en vertu de la présente Garantie, ou le non respect par un autre État de ces obligations ;

(iv) tout délai de grâce, accord de conciliation ou autre concession similaire consenti à DCL par les titulaires des Obligations Garanties ou imposé par une autorité judiciaire ou un auxiliaire de justice ;

(v) la survenance de toute procédure collective (sauvegarde, sauvegarde accélérée, redressement judiciaire, liquidation judiciaire ou autre procédure similaire), la désignation d'un administrateur provisoire ;

(vi) toute autre mesure adoptée par l'Autorité de contrôle prudentiel ou toute autre autorité de régulation compétente à l'égard de DCL ; ou

(vii) toute autre cause d'extinction des Obligations Garanties, sauf leur complet paiement.

(b) Le bénéfice de la présente Garantie subsistera si un paiement reçu par un Tiers Bénéficiaire ou un Détenteur de Titres et imputé sur les Obligations Garanties est ultérieurement annulé ou déclaré inopposable aux créanciers de l'auteur du paiement, doit être restitué à DCL ou à un tiers par ce Tiers Bénéficiaire ou Détenteur de Titres, ou s'avère ne pas avoir été effectivement reçu par ce Tiers Bénéficiaire ou Détenteur de Titres.

(c) Les Tiers Bénéficiaires ou Détenteurs de Titres ne seront pas tenus, en vue d'exercer leurs droits en vertu de la présente Garantie, d'adresser une quelconque mise en demeure à DCL, d'agir contre DCL, ou d'introduire une créance dans une quelconque procédure d'insolvabilité relative à DCL.

(d) Aucune cause de déchéance du terme des Obligations Garanties, qu'elle soit d'origine légale (notamment en cas de procédure de liquidation judiciaire à l'égard de DCL) ou contractuelle (notamment sous la forme d'un *event of default, event of termination* ou *cross-default*), ne sera opposable aux États. En conséquence, tout appel en Garantie n'entraînera une obligation de paiement par les États que selon l'échéancier normal des Obligations Garanties (étant entendu que (i) les effets de toute clause de résiliation anticipée non liée à la survenance d'un cas de défaut, tel que l'exercice par un Tiers Bénéficiaire ou Détenteur de Titres de certains *puts* contractuels, sont considérés comme faisant partie de l'échéancier normal des Obligations Garanties, et que (ii) tout appel en Garantie devra être renouvelé aux dates d'échéances ultérieures des Obligations Garanties). En outre, pour pouvoir faire appel à la Garantie, un Tiers Bénéficiaire ou Détenteur de Titres ne peut pas avoir invoqué ou invoquer une quelconque déchéance du terme à rencontre de DCL (sauf le cas échéant les causes de déchéance qui se seraient produites de plein droit sans intervention du Tiers Bénéficiaire ou Détenteur de Titres concerné, notamment en cas d'ouverture d'une procédure de liquidation judiciaire à l'égard de DCL).

3. Quote-part des États et plafond global de la Garantie

(a) Chacun des États garantit les Obligations Garanties à hauteur de la quote-part indiquée en tête de la présente Garantie. Cette quote-part s'entend par Obligation Garantie et par appel à la Garantie au sens des articles 4(b) ou 5(c) de la présente Garantie.

(b) L'Engagement Global des États ne peut à aucun moment excéder les plafonds suivants, étant entendu que les montants en intérêts et accessoires dus sur les montants en principal ainsi limités sont garantis au-delà de ces plafonds :

(i) € 85 milliards pour les trois États ensemble ;

(ii) € 43,6985 milliards pour le Royaume de Belgique ;

(iii) € 38,7515 milliards pour la République française ; et

(iv) € 2,55 milliards pour le Grand Duché de Luxembourg.

Par "**Engagement Global**", il est entendu la totalité de l'encours en principal (ceci étant entendu, dans le cas d'obligations *zero-coupon*, du principal dû à l'échéance et, dans le cas d'obligations prévoyant une capitalisation des intérêts, du principal incluant les intérêts capitalisés) des obligations garanties par chacun des États en vertu de la présente Garantie ou de toute autre garantie accordée conformément à la convention de garantie autonome datée du 16 décembre 2011 ou à la convention d'émission de garanties datée du 24 janvier, telles que celles-ci ont été ou pourront être modifiées (les obligations garanties en vertu de la convention de garantie autonome du 9 décembre 2008 n'étant pas prises en compte pour le calcul de l'Engagement Global).

Le respect des plafonds ci-dessus sera apprécié lors de toute nouvelle émission ou conclusion d'Obligations Garanties, en tenant compte de cette nouvelle émission ou conclusion. Ainsi, les financements émis ou conclus par DCL qui répondent aux critères prévus à l'Annexe B (*Obligations Garanties*) de la présente Garantie (et dont les modalités ne prévoient pas expressément qu'ils sont exclus du bénéfice de la Garantie) bénéficient de la garantie des États si et dans la mesure où l'Engagement Global ne dépasse lors de leur émission ou conclusion aucun de ces plafonds, en tenant compte du montant en principal de toutes les

Obligations Garanties (c'est-à-dire tant les obligations garanties par chacun des États en vertu de la présente Garantie ou de toute autre garantie accordée conformément à la convention de garantie autonome datée du 16 décembre 2011 ou à la convention d'émission de garanties datée du 24 janvier qui ont été émises ou conclues antérieurement, que ces nouvelles Obligations Garanties) et, pour celles qui sont libellées en Devises Étrangères, de la contre-valeur en euros de leur encours en principal au taux de référence du jour de cette nouvelle émission ou conclusion d'Obligations Garanties publié à cette date par la Banque Centrale Européenne.

L'éventuel non-respect ultérieur de ces plafonds par DCL n'affectera pas les droits des Tiers Bénéficiaires et Détenteurs de Titres au titre de la Garantie quant aux Obligations Garanties émises ou conclues avant ce dépassement de plafond.

4. Garantie des Titres et Instruments Financiers

(a) Sans qu'il soit besoin d'aucune formalité, la Garantie couvre tous Titres ou Instruments Financiers initialement émis à destination de Tiers Bénéficiaires, et reste attachée à ces Titres ou Instruments Financiers nonobstant leur cession ou transfert à tout autre Tiers Bénéficiaire ou Détenteur de Titres. Les Détenteurs de Titres pourront dès lors également faire appel à la Garantie dans les conditions prévues à la présente Garantie.

(b) Tout Tiers Bénéficiaire ou Détenteur de Titre, ou tout mandataire, agent, organisme de liquidation ou trustee agissant pour le compte de ceux-ci, peut faire appel à la Garantie, par simple notification adressée à chacun des États dans le délai visé à l'article 8(b). La notification contiendra l'identification des Titres ou Instruments Financiers concernés ainsi que des sommes impayées et la justification des droits de l'appelant sur ces Titres ou Instruments Financiers.

5. Garantie des Contrats

(a) Sans qu'il soit besoin d'aucune formalité, la Garantie couvre tous Contrats conclus avec des Tiers Bénéficiaires, et reste attachée à ces Contrats nonobstant leur cession ou transfert à tout autre Tiers Bénéficiaire. La Garantie des Contrats ne bénéficiera pas aux cessionnaires ou bénéficiaires d'un transfert qui n'auraient pas la qualité de Tiers Bénéficiaire.

(b) Seule DCL peut faire appel à la Garantie des Contrats, dans les conditions convenues entre celle-ci et les États.

(c) Nonobstant le paragraphe (b), si une procédure de liquidation judiciaire est ouverte à l'égard de DCL, tout Tiers- Bénéficiaire titulaire de Contrats, ou tout mandataire, agent, organisme de liquidation ou *trustee* agissant pour le compte de ceux-ci, pourra toutefois faire appel à la Garantie, par simple notification adressée à chacun des États dans le délai visé à l'article 8(b). La notification contiendra l'identification des Contrats concernés ainsi que des sommes impayées et la justification des droits de l'appelant sur ces Contrats. Il est bien entendu qu'aucune déchéance du terme résultant de cette procédure de liquidation judiciaire ne sera opposable aux États et que l'appel en Garantie n'entraînera une obligation de paiement par les États que selon l'échéancier normal de ces Contrats (les effets de toute clause de résiliation anticipée non liée à la survenance d'un cas de défaut, tel que l'exercice par le Tiers Bénéficiaire concerné de certains *puts* contractuels, étant considérés comme faisant partie de l'échéancier normal des Contrats).

(d) Nonobstant le paragraphe (b) et sans préjudice du paragraphe (c), les États pourront, sur demande de DCL et à leur seule discrétion, autoriser certains Tiers Bénéficiaires nommément désignés, certaines catégories de Tiers Bénéficiaires ou les Tiers Bénéficiaires titulaires de certaines catégories de Contrats, à faire appel à la Garantie des Contrats dont ils seraient titulaires. Les États pourront subordonner leur autorisation à la mise en place des arrangements qui leur paraîtront souhaitables en matière notamment de transmission par DCL de toutes informations relatives aux Contrats détenus par ces Tiers Bénéficiaires, et pourront prévoir que tout appel à la garantie des Contrats par ces Tiers Bénéficiaires doit être accompagné des justificatifs que les États considéreront appropriés.

6. Exécution de la Garantie

(a) Chacun des États procède au règlement, dans la devise de l'Obligation Garantie à concurrence de sa quote-part, au profit des Tiers Bénéficiaires ou des Détenteurs de Titres, du montant dû au titre de tout appel à la Garantie conformément aux dispositions de la présente Garantie. Les règlements auront lieu dans les cinq Jours Ouvrés (ou, s'il s'agit d'Obligations Garanties libellées en dollars américains avec une maturité initiale inférieure ou égale à un an, dans les trois Jours Ouvrés) suivant la réception de l'appel à la Garantie et incluront les intérêts de retard dus conformément aux modalités de l'Obligation Garantie concernée jusqu'à la date de règlement.

(b) Les paiements effectués le seront en fonds immédiatement disponibles par l'intermédiaire de tout système de compensation approprié ou mécanisme de services institutionnels ou, à défaut, directement.

(c) Chaque État sera immédiatement et de plein droit subrogé dans la totalité des droits des Tiers Bénéficiaires ou des Détenteurs de Titres à rencontre de DCL au titre de l'Obligation Garantie concernée, à concurrence de la somme payée par lui.

7. Retenue à la source

(a) Les paiements visés à l'article 6(a) seront effectués par les États sans retenue à la source, hormis les cas où la loi l'exige. Si une retenue à la source doit être effectuée pour le compte d'un État au titre des paiements visés à l'article 6(a), aucun montant supplémentaire ne sera dû par cet État en raison de cette retenue.

(b) Il est bien entendu que, si DCL effectue le paiement d'une Obligation Garantie moyennant déduction d'une retenue à la source dans des circonstances où une telle déduction est requise par la loi et n'entraîne pas à charge de DCL, conformément aux modalités de l'Obligation Garantie concernée, l'obligation de payer un montant supplémentaire, une telle déduction ne constituera pas un défaut de DCL susceptible de donner lieu à un appel à la présente Garantie.

8. Prise d'effet de la Garantie, durée et modifications

(a) La Garantie ne couvre que les Obligations Garanties qui sont émises ou conclues au plus tôt le 24 janvier 2013.

(b) Le droit de faire appel à la Garantie en ce qui concerne toute somme due et impayée au titre d'une Obligation Garantie expire à la fin du 90eme jour qui suit l'échéance de cette somme ou, dans les cas visés à l'article 2(b), à la fin du 90eme jour qui suit la date de l'événement mentionné à cet article 2(b).

(c) Les États peuvent à tout moment, de commun accord et sans préjudice de leurs obligations envers DCL, résilier ou modifier les termes de la présente Garantie. La présente Garantie sera résiliée de plein droit en cas de cession à un tiers par Dexia SA du contrôle, direct ou indirect, de DCL. Toute résiliation ou modification sera communiquée au marché conformément à la réglementation applicable. La résiliation ou la modification sera sans effet quant aux

Obligations Garanties émises ou conclues avant que ladite résiliation ou modification n'ait fait l'objet d'une communication au marché.

(d) Pour l'application des paragraphes (a) et (b), les dépôts et autres Contrats à vue ou à échéance indéterminée sont censés être conclus de jour à jour de sorte que ces dépôts et autres Contrats sont susceptibles de bénéficier de la Garantie s'ils existent au 24 janvier 2013, et qu'ils seront affectés par une résiliation ou modification éventuelle de la Garantie dès le lendemain de la communication qui en sera donnée au marché conformément au paragraphe (c).

9. Notifications

Tout appel à la Garantie ou autre notification destinée aux États doit être adressée à chacun des États aux adresses et numéros suivants:

Kingdom of Belgium:	FPS Finances To the attention of the General Administrator of the Treasury Avenue des Arts 30 1040 Bruxelles email: garantie.waarborg@minfin.fed.be Fax: +32 2 579 58 28
with a copy to:	National Bank of Belgium To the attention of the Governor Boulevard de Berlaimont, 14 1000 Bruxelles Fax: +32 2 221 32 10
French Republic:	Minister of Economy and Finances To the attention of the General Director of the Treasury 139, rue de Bercy 75572 Paris Cedex 12 Email: ramon.fernandez@dgtresor.gouv.fr Fax: +33 1 53 18 36 15
with a copy to :	Banque de France To the attention of the Governor 31, rue Croix-des-Petits-Champs 75001 Paris Email: secretariat.gouv@banque-france.fr
Grand Duchy of Luxembourg:	Ministry of Finance To the attention of the Director of the Treasury 3, rue de la Congrégation L-2913 Luxembourg Fax: +352 46 62 12 email: georges.heinrich@fi.etat.lu copy : etienne. reuter@fi.état.lu
With a copy to:	Banque centrale du Luxembourg 2, boulevard Royal L-2983 Luxembourg Email: direction@bcl.lu

10. Langue, droit applicable et litige

(a) La présente Garantie est établie en français et en anglais, les deux langues faisant également foi.

(b) La présente Garantie est régie par le droit belge. Tout différend relèvera de la compétence exclusive des tribunaux de Bruxelles.

Fait le 24 janvier 2013.

LE ROYAUME DE BELGIQUE

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Steven Vanackere
Vice-Premier Ministre et Ministre des Finances et du Développement durable

LA RÉPUBLIQUE FRANÇAISE

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Pierre Moscovici
Ministre de l'Economie et des Finances

LE GRAND DUCHÉ DE LUXEMBOURG

____

Luc Frieden
Ministre des Finances

ANNEX A

TIERS BÉNÉFICIAIRES

Par "Tiers Bénéficiaires", il y a lieu d'entendre :

(a) tous les "investisseurs qualifiés" au sens du point e) de l'article 2, paragraphe 1, de la directive 2003/71 du 4 novembre 2003 concernant le prospectus à publier en cas d'offre au public de valeurs mobilières ou en vue de l'admission de valeurs mobilières à la négociation, telle que modifiée,

(b) tous les *Qualified Institutional Buyers* tels que définis dans le US Securities Act de 1933, et tous les *Accredited Investors* tels que définis par la Règle 501 de la Régulation D adoptée pour l'application du U.S. Securities Act de 1933,

(c) la Banque centrale européenne ainsi que toute autre banque centrale (qu'elle soit établie dans un pays de l'Union européenne ou non),

(d) tous les établissements de crédit tels que définis par la directive 2006/48/CE du Parlement Européen et du Conseil du 14 juin 2006 concernant l'accès à l'activité des établissements de crédit et son exercice (refonte), à savoir: "*une entreprise dont l'activité consiste à recevoir du public des dépôts ou d'autres fonds remboursables et à octroyer des crédits pour son propre compte*", établis ou non dans l'Espace Economique Européen,

(e) les organismes de sécurité sociale et assimilés, les entreprises publiques, les autorités et entités publiques ou parapubliques chargées d'une mission d'intérêt général, les institutions supranationales et internationales, et

(f) les autres investisseurs institutionnels ou professionnels ; par "*investisseurs institutionnels ou professionnels*", il y a lieu d'entendre les compagnies financières, les entreprises d'investissement, les autres établissements financiers agréés ou réglementés, les entreprises d'assurances, les organismes de placement collectif et leurs sociétés de gestion, les institutions de retraite professionnelle et leurs sociétés de gestion, et les intermédiaires en instruments dérivés sur matières premières,

en ce compris les filiales du groupe Dexia qui satisfont aux critères des paragraphes (a), (b), (d) ou (f) ci-dessus, mais uniquement dans la mesure où les Titres et Instruments Financiers (et en aucun cas pour ce qui concerne les Contrats) qui ont été souscrits par celles-ci sont destinés :

(A) à être transférés (sous quelque forme que ce soit, en ce compris sous la forme de *repos* ou de prêts d'instruments financiers) à des Tiers Bénéficiaires non contrôlés (directement ou indirectement) par Dexia SA ou DCL (dont la Banque centrale européenne, une banque centrale nationale membre du Système européen des banques centrales ou un dépositaire agissant pour le compte de ces dernières) en contrepartie de financements levés par lesdites filiales auprès de ces Tiers Bénéficiaires entre le 24 janvier 2013 et le 31 décembre 2021 ; ou

(B) à être inclus par ces filiales dans un *cover pool* garantissant, en tout ou en partie, des *covered bonds,* lettres de gage, *Pfandbriefe* ou autres instruments équivalents émis ou à émettre au plus tard le 31 décembre 2021 par Dexia Kommunalbank Deutschland AG ou Dexia Lettre de Gage SA auprès d'investisseurs institutionnels ou professionnels non contrôlés (directement ou indirectement) par Dexia SA ou DCL ;

ces Titres et Instruments Financiers ne bénéficiant de la Garantie qu'à compter (a) de la date de leur transfert à, et aussi longtemps qu'ils sont détenus par, de tels Tiers Bénéficiaires dans le cas visé au point (A), ou (b) de leur inclusion, et aussi longtemps qu'ils sont inclus, dans un tel *coverpool* dans le cas visé au point (B).

Il est précisé que lorsqu'un intermédiaire intervient comme banque garante ("**underwriter**", "**manager**" ou assimilé) dans le cadre d'une émission de Titres ou Instruments Financiers, et dans ce contexte acquiert ou souscrit ces Titres ou Instruments Financiers en vue de leur revente immédiate auprès d'investisseurs finaux, il est requis que tant ceux-ci que celui-là aient la qualité de Tiers Bénéficiaires.

Pour l'interprétation des dispositions des paragraphes (a) à (f) ci-dessus, il est renvoyé, par dérogation à l'article 10 de la Garantie, aux statuts, actes et traités fondateurs, selon les cas, des Tiers Bénéficiaires concernés.

ANNEX B

OBLIGATIONS GARANTIES

La Garantie porte sur l'intégralité des financements initialement levés auprès de Tiers Bénéficiaires, avec une durée inférieure ou égale à dix ans, non assortis de sûretés réelles et non-subordonnés, soit sous forme de Contrats conclus par DCL soit sous forme de Titres ou Instruments Financiers émis par DCL, dont la souscription est restreinte aux Tiers Bénéficiaires, dont la devise est l'euro ou une Devise Étrangère, dès lors que ces financements ont été conclus ou émis par DCL entre le 24 janvier 2013 et le 31 décembre 2021, étant entendu que les dépôts et autres Contrats à vue ou à échéance indéterminée sont censés être conclus de jour à jour de sorte que ces dépôts et autres Contrats sont susceptibles de bénéficier de la Garantie s'ils existent au 24 janvier 2013 et cessent en toute hypothèse d'en bénéficier le lendemain du 31 décembre 2021.

Sont explicitement inclus dans les Obligations Garanties aux conditions définies à l'alinéa précédent :

(a) les Contrats suivants : les prêts, dépôts, avances et découverts interbancaires en Devises Étrangères, les prêts, dépôts et avances non interbancaires à terme et à durée indéterminée en euros ou en Devises Étrangères (dont les dépôts à vue, les dépôts d'institutionnels non bancaires, les dépôts de fiduciaires et les dépôts accordés par des investisseurs institutionnels en leur nom mais en qualité d'agent et de dépositaire pour leurs clients, en ce compris dans le cadre de services communément appelés « sweep deposit services » aux États-Unis, pour autant que ces clients qualifient de Tiers Bénéficiaires), et les dépôts des banques centrales en euros ou en Devises Étrangères ;

(b) les Titres et Instruments Financiers suivants : les *commercial papers,* les *certificates of deposit,* les titres de créance négociables et titres assimilés (notamment les *Namensschuldverschreibungen* de droit allemand), les obligations et les *Medium Term Notes,* libellés en euros ou en Devises Étrangères ;

à l'exclusion :

(i) des obligations foncières et titres ou emprunts assimilés bénéficiant d'un privilège légal ou d'un mécanisme contractuel visant aux mêmes fins (par exemple, *"covered bonds*" et "repos bilatéraux et tripartites") ;

(ii) des prêts, dépôts, titres et instruments financiers subordonnés ;

(iii) des titres et instruments financiers de capital hybride et de capital ;

(iv) de tout instrument dérivé (notamment de taux et de change), et de tout titre ou instrument financier lié à un instrument dérivé ; et

(v) des prêts, dépôts, avances et découverts interbancaires en euro.

Il est précisé, pour autant que de besoin, que les Titres et Instruments Financiers souscrits par les filiales du groupe Dexia selon les modalités fixées à l'Annexe A (*Tiers Bénéficiaires)* peuvent avoir la qualité d'Obligations Garanties nonobstant le fait que les financements levés par ces filiales au moyen de leur mobilisation auprès de tiers extérieurs au groupe Dexia ne constituent pas des Obligations Garanties.

INDEPENDENT ON-DEMAND GUARANTEE

FORM OF GENERIC JOINT STATES GUARANTEE

The **KINGDOM OF BELGIUM**, for 51.41 %,

the **FRENCH REPUBLIC**, for 45.59%, and

the **GRAND DUCHY OF LUXEMBOURG**, for 3%, (the "**States**")

hereby unconditionally and irrevocably, severally but not jointly, each to the extent of its percentage share indicated above and in accordance with the terms and conditions set forth in this guarantee (the "**Guarantee**"), guarantee the performance by Dexia Crédit Local SA (acting through its head office or any of its branches, including its New York branch, "**DCL**") of its payment obligations, in principal, interest and incidental amounts, under the Guaranteed Obligations referred to below.

1. Definitions

In this Guarantee:

"**Aggregate Commitment**" has the meaning defined in Clause 3(b);

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open in France, Belgium and Luxembourg, *provided that*:

(a) if it is a day on which a payment of Guaranteed Obligations denominated in a Foreign Currency is to be made, that day is also a day on which banks are open in the main financial centre of the state of such currency; or

(b) if it is a day on which a payment of Guaranteed Obligations denominated in euro is to be made, that day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system is open for the settlement of payments in euro;

"**Contracts**" means the loans, advances, overdrafts and deposits referred to in paragraph (b) of the definition of "**Guaranteed Obligations**";

"**Foreign Currencies**" means U.S. dollar (USD), Canadian dollar (CAD), pound sterling (GBP), yen (JPY) and Swiss franc (CHF);

"**Guaranteed Obligations**" means:

(a) the securities and financial instruments issued by DCL, initially subscribed by Third-Party Beneficiaries, which meet the criteria set out in Schedule B (*Guaranteed Obligations*), excluding (i) the securities and financial instruments the terms of which expressly provide that they are excluded from the benefit of this Guarantee, and (ii) the securities and financial instruments which benefit from the guarantee of any of the three States up to 100% of their amount pursuant to a specific and distinct guarantee, or which benefit from a specific and several but not joint guarantee from the three States; and

(b) the loans, advances, overdrafts and deposits granted to DCL, which are not represented by a security or financial instrument, which meet the criteria set out in

Schedule B (*Guaranteed Obligations*), and the creditor of which is a Third-Party Beneficiary.

"**Securities and Financial Instruments**" and/or "**Security**(**ies**) **or Financial Instrument**(**s**)", as appropriate, means the securities and financial instruments referred to in paragraph (a) of the definition of "**Guaranteed Obligation**";

"**Security Holders**" means the holders of Securities and Financial Instruments other than Third-Party Beneficiaries; and

"**Third-Party Beneficiary**" has the meaning set forth in Schedule A *(Third-Party Beneficiaries).*

2. Nature of the Guarantee

(a) This Guarantee is an independent guarantee and is payable on first demand. In the event of a Guarantee call being made in accordance with Clauses 4 and 5, the States waive the right (without prejudice to their rights against DCL) to raise any defence or any exception relating to the Guaranteed Obligations or the non-compliance by DCL with its obligations towards the States as well as any other defence or exception whatsoever that DCL could assert against the Third-Party Beneficiaries or Security Holders to refuse payment, and the States shall be liable towards the Third-Party Beneficiaries or Security Holders as if they were the primary debtors of the Guaranteed Obligations in accordance with the terms thereof, each to the extent of its percentage share. In particular, the States' obligations under this Guarantee shall not be terminated or affected by:

(i) the cessation of payments (whether within the meaning of the French Commercial Code or the French Monetary and Financial Code), insolvency, dissolution, deregistration or any other change in the status of DCL;

(ii) the illegality of the Guaranteed Obligations;

(iii) the illegality of the obligations of any other State under this Guarantee, or the non-compliance by any other State with such obligations;

(iv) any grace period, conciliation agreement or other similar concession granted to DCL by the holders of the Guaranteed Obligations or imposed by a judicial authority or a judicial assistant *(auxiliaire de justice),*

(v) the occurrence of any collective proceedings (safeguard, accelerated safeguard, judicial redress, judicial liquidation or other similar proceedings), the appointment of a provisional administrator or any other measure adopted by the Autorité de contrôle prudentiel or any other regulatory authority with jurisdiction in respect of DCL; or

(vi) any other ground for termination of the Guaranteed Obligations, save for their payment in full.

(b) The benefit of this Guarantee shall be maintained if a payment received by a Third-Party Beneficiary or a Security Holder and applied towards satisfaction of the Guaranteed Obligations is subsequently voided or declared invalid vis-à-vis the creditors of the maker of such payment, becomes repayable by such Third-Party Beneficiary or Security Holder to DCL or a third party, or proves not to have been effectively received by such Third-Party Beneficiary or Security Holder.

(c) The Third-Party Beneficiaries or Security Holders will not be required, in order to exercise their rights under this Guarantee, to make any demand against DCL, to take any action against DCL or to file claims in any insolvency proceedings relating to DCL.

(d) No ground for acceleration of payment of the Guaranteed Obligations, whether statutory (for example in the case of judicial liquidation proceedings with respect to DCL) or contractual (for example in the case of an event of default, event of termination or cross-default), will be enforceable against the States. Consequently, Guarantee calls shall lead to payment obligations of the States only in accordance with the normal payment schedule of the Guaranteed Obligations (it being understood that (i) the effects of any early termination clause which is not related to the occurrence of an event of default, such as the exercise by a Third-Party Beneficiary or Security.

Holder of certain contractual put options, are deemed part of the normal payment schedule of the Guaranteed Obligations, and that (ii) Guarantee calls will need to be renewed on all subsequent maturity dates of the Guaranteed Obligations). Further, in order to be entitled to call on this Guarantee, a Third-Party Beneficiary or a Security Holder may not have raised or raise any ground for acceleration against DCL (except, if applicable, those grounds for acceleration which would have occurred by operation of law without any action from the relevant Third-Party Beneficiary or Security Holder, for example upon the opening of judicial liquidation proceedings with respect to DCL).

3. Percentage share contribution of the States and overall limit of the Guarantee

(a) Each of the States shall guarantee the Guaranteed Obligations up to the percentage share indicated on the first page of this Guarantee. Such percentage share shall apply per Guaranteed Obligation and per Guarantee call within the meaning of Clauses 4(b) or 5(c) of this Guarantee.

(b) The Aggregate Commitment of the States may not at any time exceed the following limits, it being understood that the interest and incidental amounts due on the principal amounts so limited are guaranteed beyond these limits:

(i) €85 billion for the three States in aggregate;

(ii) €43.6985 billion for the Kingdom of Belgium;

(iii) €38.7515 billion for the French Republic; and

(iv) €2.55 billion for the Grand Duchy of Luxembourg.

"**Aggregate Commitment**" means the aggregate principal amount (being, in respect of zero-coupon bonds, the principal amount payable at maturity and, in respect of bonds the terms of which provide for the compounding of interest, the principal amount including compounded interest) of the outstanding obligations guaranteed by each of the States under this Guarantee or any other guarantee granted pursuant to the independent guarantee agreement dated 16 December 2011 or the agreement for the issuance of guarantees dated 24 January 2013, each as amended from time to time (and the obligations guaranteed pursuant to the independent guarantee agreement dated 9 December 2008 shall not be taken into account for the calculation of the Aggregate Commitment).

Compliance with the above-mentioned limits will be assessed at the time of each new issuance, or entry into, of Guaranteed Obligations, taking into account such new issuance or entry into. Therefore, the financings issued or entered into by DCL that meet the criteria set out in Schedule B (Guaranteed Obligations) of this Guarantee (and the terms of which do not expressly provide that they are excluded from the benefit of this Guarantee) shall benefit from the States guarantee if and to the extent that the Aggregate Commitment does not exceed, at the time of their issuance or at the time they are entered into, any of these limits, taking into account the principal amount of all Guaranteed Obligations (i.e. the obligations guaranteed by each of the States under this Guarantee or any other guarantee granted pursuant to the independent guarantee agreement dated 16 December 2011 or the agreement for the issuance of guarantees dated 24 January 2013 that were issued or entered into prior to such time, as well as such new Guaranteed Obligations) and, in respect of Guaranteed Obligations denominated in Foreign Currencies, the euro equivalent of their outstanding principal amount converted at the reference rate of the day of such new issuance, or entry into, of Guaranteed Obligations as published on that day by the European Central Bank.

Any subsequent non-compliance with such limits by DCL will not affect the rights of the Third-Party Beneficiaries and Security Holders under the Guarantee with respect to the Guaranteed Obligations issued or entered into before a limit was exceeded.

4. Guarantee of Securities and Financial Instruments

(a) Without the need for any formality, the Guarantee shall cover all Securities or Financial Instruments initially issued to Third-Party Beneficiaries, and shall remain attached to such Securities or Financial Instruments notwithstanding their sale or transfer to any other Third-Party Beneficiary or Security Holder. Consequently, Security Holders may also call on the Guarantee subject to the conditions set forth in this Guarantee.

(b) Any Third-Party Beneficiary or Security Holder, or any proxy holder, agent, settlement institution or trustee acting for the account of the former, may call on the Guarantee by simple notice delivered to each of the States within the time limit provided for in Clause 8(b). The notice shall include the identification of the relevant Securities or Financial Instruments as well as the unpaid amounts, and evidence of the rights of the party calling on the Guarantee to such Securities or Financial Instruments.

5. Guarantee of Contracts

(a) Without the need for any formality, the Guarantee shall cover all Contracts entered into with Third-Party Beneficiaries, and shall remain attached to those Contracts notwithstanding their sale or transfer to any other Third-Party Beneficiary. The benefit of the Contracts Guarantee shall not be available to assignees or transferees that do not qualify as Third-Party Beneficiaries.

(b) The Contracts Guarantee can only be called by DCL, subject to the conditions agreed upon between DCL and the States.

(c) Notwithstanding paragraph (b), if judicial liquidation proceedings are commenced with respect to DCL, any Third-Party Beneficiary holding a Contract, or any proxy holder, agent, settlement institution or trustee acting for the account of the former, may nevertheless call on the Guarantee by simple notice delivered to each of the States within the time limit provided for in Clause 8(b). The notice shall include the identification of the relevant Contracts as well as the unpaid amounts, and evidence of the rights of the party calling on the Guarantee to such Contracts. For the avoidance of doubt, no ground for acceleration of payment resulting from these judicial liquidation proceedings will be enforceable against the States, and the Guarantee call shall lead to payment obligations of the States only in accordance with the normal payment schedule of such Contracts (it being understood that the effects of any early termination clause which is not related to the occurrence of an event of default, such as the exercise by the relevant Third-Party Beneficiary of certain contractual put options, are deemed part of the normal payment schedule of the Contracts).

(d) Notwithstanding paragraph (b) and without prejudice to paragraph (c), the States may, upon request from DCL and at their sole discretion, authorise certain Third-Party Beneficiaries identified by name, certain categories of Third-Party Beneficiaries or the Third-Party Beneficiaries holding certain categories of Contracts, to call on the Guarantee of the Contracts they hold. The States may subject their authorisation to such arrangements as they deem desirable regarding in particular the delivery by DCL of information relating to the Contracts held by such Third-Party Beneficiaries, and may provide that any guarantee call of the Contracts by such Third-Party Beneficiaries must be accompanied by such supporting documentation as the States deem appropriate.

6. Performance of the Guarantee

(a) Each of the States shall pay to the Third-Party Beneficiaries or Security Holders, up to its percentage share and in the currency of the Guaranteed Obligation, the amount due pursuant to any call on this Guarantee in accordance with the provisions of this Guarantee. Payments shall be made within five Business Days (or, in the case of Guaranteed Obligations denominated in U.S. dollar with an initial maturity not exceeding one year, within three Business Days) following receipt of the Guarantee call, and shall include late payment interest accrued in accordance with the terms of the relevant Guaranteed Obligation until the payment date.

(b) Payments shall be made in directly available funds via any appropriate clearing system or institutional service mechanism or, failing which, directly.

(c) Each State shall immediately and automatically be subrogated in all rights of the Third-Party Beneficiaries or Security Holders against DCL pursuant to the relevant Guaranteed Obligation, up to the amount paid by it.

7. Withholding tax

(a) All payments referred to in Clause 6(a) shall be made by the States free and clear of any withholding unless such withholding is required by law. If a withholding must be made on behalf of a State in respect of payments referred to in Clause 6(a), no additional amount shall be due by such State by reason of such withholding.

(b) For the avoidance of doubt, if DCL makes any payment of a Guaranteed Obligation subject to a withholding in circumstances where such withholding is required by law and does not give rise, pursuant to the terms and conditions of the relevant Guaranteed Obligation, to an obligation for DCL to pay any additional amount, such withholding shall not constitute a default by DCL justifying a call on this Guarantee.

8. Effective date of the Guarantee, duration and amendments

(a) The Guarantee only covers Guaranteed Obligations which are issued or entered into on or after 24 January 2013.

(b) The right to call on the Guarantee with respect to any amount due and unpaid in relation to a Guaranteed Obligation shall expire at the end of the 90th day following the date on which such amount became due or, in the circumstances mentioned In Clause 2(b), at the end of the 90th day following the date of the event mentioned in such Clause 2(b).

(c) The States may at any time, by mutual consent and without prejudice to their obligations to DCL, terminate or amend the terms of this Guarantee. This Guarantee shall automatically terminate in the event of a transfer by Dexia SA to a third party of the direct or indirect control over DCL. Any termination or amendment will be communicated to the market in accordance with the applicable regulations. The termination or amendment will have no effect with regard to the Guaranteed Obligations issued or entered into before such termination or amendment is communicated to the market.

(d) For the purposes of paragraphs (a) and (b), demand deposits and other demand Contracts or Contracts with an undefined maturity are deemed to be entered into on rolling daily basis, so that such deposits and other Contracts may benefit from the Guarantee if they exist on 24 January 2013, and will be affected by a termination of, or amendment to, the Guarantee as from the day following the communication thereof to the market in accordance with paragraph (c).

9. Notifications

Any Guarantee call or other notification to the States shall be delivered to each of the States at the following addresses and numbers:

Kingdom of Belgium:	FPS Finances To the attention of the General Administrator of the Treasury Avenue des Arts 30 1040 Bruxelles email: garantie.waarborg@minfin.fed.be Fax: +32 2 579 58 28
with a copy to:	National Bank of Belgium To the attention of the Governor Boulevard de Berlaimont, 14 1000 Bruxelles Fax: +32 2 221 32 10
French Republic:	Minister of Economy and Finances To the attention of the General Director of the Treasury 139, rue de Bercy 75572 Paris Cedex 12 Email: ramon.fernandez@dgtresor.gouv.fr Fax: +33 1 53 18 36 15
with a copy to :	Banque de France To the attention of the Governor 31, rue Croix-des-Petits-Champs 75001 Paris Email: secretariat.gouv@banque-france.fr
Grand Duchy of Luxembourg:	Ministry of Finance To the attention of the Director of the Treasury 3, rue de la Congrégation L-2913 Luxembourg Fax: +352 46 62 12 email: georges.heinrich@fi.etat.lu copy : etienne.reuter@fi.état.lu

With a copy to:	Banque centrale du Luxembourg 2, boulevard Royal L-2983 Luxembourg Email: direction@bcl.lu

10. Language, applicable law and jurisdiction

(a) This Guarantee has been drawn up in French and in English, both languages being equally binding.

(b) This Guarantee shall be governed by Belgian law. Any dispute shall be within the exclusive jurisdiction of the courts of Brussels.

Done 24 January 2013.

THE KINGDOM OF BELGIUM

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Steven Vanackere
Deputy Prime Minister and Minister of Finance and sustainable Development

THE FRENCH REPUBLIC

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Pierre Moscovici
Minister of Economy and Finance

THE GRAND DUCHY OF LUXEMBOURG

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Luc Frieden
Minister of Finance

SCHEDULE A
THIRD-PARTY BENEFICIARIES

"**Third-Party Beneficiaries**" means:

(a) all "**qualified investors**" within the meaning of article 2(1)(e) of Directive 2003/71 of November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended,

(b) all Qualified Institutional Buyers as defined under the U.S. Securities Act of 1933, and all Accredited Investors as defined by Rule 501 of Regulation D implementing the U.S. Securities Act of 1933,

(c) the European Central Bank as well as any other central bank (whether or not it is established in a country of the European Union),

(d) all credit institutions as defined by Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast), namely: "*an undertaking the business of which is to receive deposits or other repayable funds from the public and to grant credits for its own account*", whether or not established in the European Economic Area,

(e) social security and assimilated organisations, state-owned enterprises, public or para-public authorities and entities in charge of a mission of general interest, supranational and international institutions, and

(f) other institutional or professional investors; "**institutional or professional investors**" means financial holding companies, investments firms, other approved or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, professional retirement institutions and their management companies, and intermediaries in commodity derivatives,

including the subsidiaries of the Dexia group that meet the criteria set out in paragraphs (a), (b), (d) or (f) above, but only to the extent that the Securities and Financial Instruments (excluding the Contracts in all circumstances) which have been subscribed to by such subsidiaries are intended:

(A) to be transferred (in any manner whatsoever, including by way of repos or securities lending) to Third-Party Beneficiaries that are not controlled (directly or indirectly) by Dexia SA or DCL (including the European Central Bank, a national central bank which is a member of the European System of Central Banks, or a depositary acting for the account of any of those) in consideration for financings raised by such subsidiaries from such Third-Party Beneficiaries between 24 January 2013 and 31 December 2021; or

(B) to be included by such subsidiaries in a cover pool guaranteeing, in whole or in part, covered bonds, lettres de gage, Pfandbriefe or other similar instruments issued or to be issued at the latest on 31 December 2021 by Dexia Kommunalbank Deutschland AG or Dexia Lettre de Gage SA to institutional or professional investors not controlled (directly or indirectly) by Dexia SA or DCL;

these Securities and Financial Instruments being only entitled to the benefit of the Guarantee (a) from the date of their transfer to, and as long as they are held by, such Third-Party Beneficiaries in the case referred to in point (A), or (b) from the date of their inclusion, and as long as they are included, in a cover pool as referred to in point (B).

Furthermore, where an intermediary is involved as an underwriter, a manager or in a similar function in the context of the issuance of Securities or Financial Instruments, and in this context acquires or subscribes to these Securities or Financial Instruments with a view to immediately reselling them to final investors, both the intermediary and the final investors must qualify as Third-Party Beneficiaries.

For the purposes of the interpretation of the provisions under paragraphs (a) to (f) above, notwithstanding Clause 10 of the Guarantee, consideration shall be given to the articles of association, deeds and incorporation treaties, as the case may be, of the relevant Third-Party Beneficiaries.

SCHEDULE B
GUARANTEED OBLIGATIONS

The Guarantee covers all unsecured and unsubordinated financings with a maturity not exceeding ten years initially raised from Third-Party Beneficiaries, either in the form of Contracts entered into by DCL or in the form of Securities or Financial Instruments issued by DCL, the subscription of which is restricted to Third-Party Beneficiaries, and the currency of which is euro or a Foreign Currency, *provided that* these financings are entered into or issued by DCL between 24 January 2013 and 31 December 2021, and provided further that demand deposits and other demand Contracts or Contracts with an undefined maturity are deemed to be entered into on rolling daily basis so that such deposits and other Contracts may benefit from the Guarantee if they exist on 24 January 2013 and will in any event cease from having the benefit of the Guarantee the day after 31 December 2021.

Subject to the conditions set forth in the above paragraph, the Guaranteed Obligations include:

(a) the following Contracts: interbank loans, deposits, advances and overdrafts in Foreign Currencies, non-interbank loans, deposits and advances with a fixed term or an undefined maturity in euro or in Foreign Currencies (including demand deposits, non-banking institutional deposits, fiduciary deposits and deposits granted by institutional investors in their name but in their capacity as agent and custodian for their clients, including within the framework of services commonly referred to as "sweep deposit services" in the United States, *provided that* such clients qualify as Third-Party Beneficiaries), and central bank deposits in euro or in Foreign Currencies;

(b) the following Securities and Financial Instruments: commercial paper, certificates of deposit, negotiable debt instruments and assimilated securities (in particular Namensschuldverschreibungen under German law), bonds and Medium Term Notes, denominated in euro or in Foreign Currencies;

excluding

(i) mortgage bonds and securities or other borrowings secured by a statutory lien or a contractual arrangement to the same effect (for example, covered bonds and bilateral and tripartite repos);

(ii) subordinated loans, deposits, securities and financial instruments;

(iii) equity and hybrid equity securities and financial instruments;

(iv) any derivative instruments (including interest rate or foreign exchange derivatives), and any securities or financial instruments linked to a derivative; and

(v) interbank loans, deposits, advances and overdrafts in euro.

For the avoidance of doubt, Securities and Financial Instruments subscribed to by subsidiaries of the Dexia group in accordance with the terms set out in Schedule A *(Third-Party Beneficiaries)* may qualify as Guaranteed Obligations irrespective of the fact that the financings raised by these subsidiaries through the monetisation thereof with third parties outside the Dexia group do not constitute Guaranteed Obligations.

USE OF PROCEEDS

The net proceeds of the issue of the Notes under the Programme will be used to repay and refinance the existing financing of the Issuer.

TAXATION

The statements herein regarding taxation are based on the laws in force in the Kingdom of Belgium, the Republic of France and/or, as the case may be, the Grand Duchy of Luxembourg as of the date of this Information Memorandum and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax adviser as to the tax consequences of any investment in or ownership and disposition of the Notes under the laws of the Kingdom of Belgium, the Republic of France, the Grand Duchy of Luxembourg and/or any other jurisdiction.

All prospective Noteholders should seek independent advice as to their tax positions.

Belgian Taxation

The following summary describes the principal Belgian tax considerations with respect to the acquisition, holding and disposal of Notes obtained by an investor in Belgium.

This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

This summary is based on Belgian tax legislation, treaties, rules, and administrative interpretations and similar documentation, in force as of the date of the publication of this Information Memorandum, without prejudice to any amendments introduced at a later date, even if implemented with retroactive effect.

This summary does not describe the tax consequences for a holder of Notes that are redeemable in exchange for, or convertible into shares, of the exercise, settlement or redemption of such Notes.

Each prospective holder of Notes should consult a professional adviser with respect to the tax consequences of an investment in the Notes, taking into account the influence of each regional, local or national law.

Belgian withholding tax and income tax

Individuals resident in Belgium

Individuals who are Belgian residents for tax purposes, i.e., individuals subject to the Belgian personal income tax ("*Personenbelasting*" / "*Impôt des personnes physiques*") and who hold the Notes as a private investment, are subject to the following tax treatment in Belgium with respect to the Notes. Other tax rules apply to Belgian resident individuals holding the Notes not as a private investment but in the framework of their professional activity or when the transactions with respect to the Notes fall outside the scope of the normal management of their own private estate.

Under Belgian tax law, "interest" income includes: (i) periodic interest income, (ii) any amount paid by or on behalf of the Issuer in excess of the issue price (whether or not on the maturity date), and (iii) if the Notes qualify as "fixed income securities" (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in the case of a disposal of the Notes between two interest payment dates to any third party, excluding the Issuer, the interest accrued during the holding period. In general, notes are qualified as fixed income security if there is a causal link between the amount of interest income and the detention period of the notes, on the basis of which it is possible to calculate the amount of pro rata interest income at the moment of the disposal of the notes during their lifetime.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 27% withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments. They may nevertheless opt to report interest in respect of the Notes in their personal income tax return.

If no Belgian withholding tax has been levied on the interest, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 25% (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is lower). If the interest payment is declared, any withholding tax retained may be credited against the income tax liability and may even be refundable.

Capital gains realised upon the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate (in which case the capital gain will be taxed at 33 per cent. plus local municipality surcharge) or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Belgian resident corporations

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

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

Payments of interest (as defined in the section "*Tax treatment of Belgian resident individuals*") on the Notes made through a paying agent in Belgium will in principle be subject to a 27% withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). However, the interest on the Notes (except Zero Coupon Notes and other Notes which provide for the capitalisation of interest) can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered.

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

Other Belgian legal entities

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

Payments of interest (as defined in the section "*Tax treatment of Belgian resident individuals*") on the Notes made through a paying agent in Belgium will in principle be subject to a 27% withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if no Belgian withholding tax has been levied on the interest, the legal entity itself is liable to declare the interest to the Belgian tax administration and to pay the applicable withholding tax to the Belgian treasury.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gain qualifies as interest (as defined in the section "*Individuals resident in Belgium*"). Capital losses on the Notes are in principle not tax deductible.

*Organisation for Financing Pensions ("**OFP**")*

Interest derived by OFP (*Organismen voor de Financiering van Pensioenen/Organismes de Financement de Pensions*) Noteholders on the Notes and capital gains realised on the Notes will not be subject to Belgian Corporate Income Tax in the hands of OFPs. Capital losses incurred by OFPs on the Notes will not be tax deductible. Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

Belgian non-residents

The interest income on the Notes paid to a Belgian non-resident outside of Belgium, i.e. without the intervention of a professional intermediary in Belgium, is not subject to Belgian withholding tax.

Interest income on the Notes paid through a Belgian professional intermediary is in principle subject to a 27% Belgian withholding tax, unless the holder of Notes is resident in a country with which Belgium has concluded a double taxation agreement and delivers the required affidavit.

Non-resident holders that have not allocated the Notes to business activities in Belgium can also obtain an exemption of Belgian withholding tax on interest if the interest is paid through a Belgian credit institution, a Belgian stock market company or a Belgian clearing or settlement institution and *provided that* the non-resident (i) is the owner of usufructor of the Notes, (ii) has not allocated the Notes to business activities in Belgium and (iii) delivers an affidavit confirming his non-resident status and the fulfilment of conditions (i) and (ii).

If the holder of a Note is a Belgian branch of a foreign company to which the Notes are attributable, the rules applicable to Belgian corporations (see above) will apply.

Taxes on stock exchange transactions and on repurchase transactions

A tax on stock exchange transactions ("*Taxe sur les opérations de bourse*", "*Taks op de beursverrichtingen*") will be levied on the acquisition and disposal in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent, with a maximum amount of EUR 650 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. No transfer tax will be due on the issuance of the Notes (primary market).

A tax on repurchase transactions (*"taxe sur les reports"/"taks op de reportverrichtingen"*) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of EUR 650 per transaction and per party).

However, neither of the taxes referred to above will be payable by exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126/1, 2° of the Code of various duties and taxes ("*Code* *des droits et taxes divers*", "*Wetboek diverse rechten en taksen*") for the taxes on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

As stated above, the European Commission has proposed a Directive for a FTT. The proposed Directive currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

French Taxation

The descriptions below are intended as a basic summary of certain withholding tax consequences under French law in relation to the holding of the Notes that may be relevant to holders of the Notes who do not concurrently hold shares of the Issuer.

Payments of interest and other revenues made by the Issuer with respect to Notes will not be subject to the withholding tax set out under Article 125 A III of the French Code general *des impôts* (the "**French General Tax Code**") unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**"). If such payments are made in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code.

Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues on such Notes may not be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be re-characterised as constructive dividends pursuant to Articles 109 *et seq* of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code, at a rate of 30% or 75% (subject to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing neither the 75% withholding tax set out under Article 125 A III of the French General Tax Code nor the non-deductibility set out under Article 238 A of the French General Tax Code or the withholding tax set out under Article 119 bis 2 of the French General Tax Code that may be levied as a result of such non-deductibility, to the extent the relevant interest or other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, will apply if the Issuer can prove that the principal purpose and effect of a particular issue of Notes were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the French tax administrative guidelines published in the *Bulletin Officiel des Finances Publiques—lmpôts* BOI-INT-DG-20-50-20140211 n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 n°10, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

(i) offered by means of a public offer within the meaning of Article L.411.1 of the French *Code monétaire et financier* (the "**French Monetary and Financial Code**") or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system *provided that* such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the clearing operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositaries or operators *provided that* such depositary or operator is not located in a Non-Cooperative State.

Pursuant to 125 A I of the French General Tax Code, subject to certain limited exceptions, interest and other similar revenues paid by a paying agent located in France and received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5% on such interest and other similar revenues paid to individuals who are fiscally domiciled in France.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident Noteholders

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

(ii) Resident Noteholders

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

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "**Savings Directive**") and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), as amended) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 10%.

A bill n°6978 is currently pending in parliament, whereby there would be no withholding tax on payments made or ascribed to a residual entity established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of an individual beneficial owner. This bill has not been finally adopted yet.

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including France) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in the Amended and Restated Distribution Agreement dated 5 July 2016, (as amended or supplemented from time to time, the "**Distribution Agreement**") between the Issuer and the Permanent Dealers, the Notes will be offered on a continuing basis by the Issuer to the Permanent Dealers. The Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The Notes may also be sold through the Dealers, acting as agents of the Issuer. The Distribution Agreement also provides for Notes to be issued in Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer will, unless otherwise agreed, pay each relevant Dealer a commission based on the principal amount of the Notes, depending upon maturity, in respect of Notes solicited for purchase or purchased by it.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement entitles the Dealers to terminate any agreement that they may make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Each of the Dealers and their respective affiliates may, from time to time in the ordinary course of their respective businesses, engage in further transactions with, and perform services for, the Issuer and its affiliates. In particular, the Dealers and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non-public market financing for, and enter into derivative transactions with, the Issuer or its affiliates (including its shareholders) and for which they will receive customary fees. Moreover, the proceeds of any Series of Notes may be wholly or partially used towards the repayment and/or refinancing of such loans, financings or other transactions.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and the Notes 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Distribution Agreement, it has not offered, sold or delivered and will not offer, sell or, in the case of Bearer Notes, deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche (the "**Distribution Compliance Period**"), as determined and certified to the Issuer and each Relevant Dealer, by the Fiscal Agent, or in the case of a syndicated issue of Notes, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

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

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Each issue of commodity or currency-linked Notes may be subject to such additional U.S. selling restrictions as the Relevant Dealer(s) may agree with the Issuer as a term of the issue and purchase or, as the case may be, subscription of such Notes.

United Kingdom

Each Dealer has represented and agreed that:

(i) in relation to any Notes which have a maturity of less than one year from the date of issue, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

(iii) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

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

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Law No. 228 of 1949, as amended)) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

General

Each Dealer has acknowledged that the Notes may only be initially subscribed by investors qualifying as, and accordingly has represented and agreed that it has only offered and sold and will only offer and sell Notes for initial subscription to "**Third Party Beneficiaries**" *(Tiers Bénéficiaires)* within the meaning of paragraph (a) or paragraphs (c) to (f) of Schedule A to the Guarantee, namely:

(a) all "qualified investors" within the meaning of article 2(1)(e) of Directive 2003/71 of November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended,

(b) the European Central Bank as well as any other central bank (whether or not it is established in a country of the European Union),

(c) all credit institutions as defined by Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast), namely: "an undertaking the business of which is to receive deposits or other repayable funds from the public and to grant credits for its own account", whether or not established in the European Economic Area,

(d) social security and assimilated organisations, state-owned enterprises, public or para-public authorities and entities in charge of a mission of general interest, supranational and international institutions, and

(e) other institutional or professional investors; "institutional or professional investors" means financial holding companies, investments firms, other approved or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, professional retirement institutions and their management companies, and intermediaries in commodity derivatives.

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a Supplement to this Information Memorandum.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other offering material relating to any Notes or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Information Memorandum, any other offering material relating to any Notes or any Pricing Supplement and neither the Issuer nor any other Dealer shall have any responsibility therefor.

FORM OF PRICING SUPPLEMENT

Pricing Supplement dated [●]

DEXIA CRÉDIT LOCAL
Euro 45,000,000,000

Guaranteed Euro Medium Term Note Programme

benefiting from an independent on-demand guarantee by the States of Belgium, France and Luxembourg

(the "Programme")

Series No: [●]

Tranche No: [●]

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

Issued by
Dexia Crédit Local

Issue Price: [●] per cent.

Name(s) of Dealer(s)

[●]

[●]

Part A — Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 5 July 2016 [and the Supplements] to the Information Memorandum dated [●]]. This document constitutes the Pricing Supplement of the Notes and must be read in conjunction with such Information Memorandum [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum [as so supplemented].

The Information Memorandum [and the Supplements] to the Information Memorandum] [is] [are] available for viewing during normal business hours at the office of the Fiscal Agent or each of the Paying Agents.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum with an earlier date.][Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth [in the Information Memorandum dated 1 July 2015 [and the Supplement(s) to the Information Memorandum dated [●]]] / in the Information Memorandum dated 27 June 2014 [and the Supplement[s] to the Information Memorandum dated [●]], which are incorporated by reference in the Information Memorandum dated 5 July 2016. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Information Memorandum [as so supplemented], including the Conditions incorporated by reference therein. Full information on the Issuer and the offer of the

Notes is only available on the basis of the combination of the Pricing Supplement and the Information Memorandum [as so supplemented].]

[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 Pricing Supplement.]

1.	**Issuer:**		Dexia Crédit Local
2.	**(i)**	**Series Number:**	[●]
	(ii)	**Tranche Number:**	[●]
	[(iii)	**Date on which the Notes become fungible:]**	[Not Applicable/ The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series of original notes*] on [*insert date*]/the Issue Date/exchange of the Temporary Global Notes for interests in the Permanent Global Note, as referred to in paragraph [ ] below [which is expected to occur on or about [*insert date*]] (the "**Consolidation Date**").]
3.	**Specified Currency or Currencies:**		[●][10]
4.	**Aggregate Nominal Amount of Notes:**		
	[(i)] Series:		[●]
	[(ii) Tranche:		[●]]
5.	**Issue Price:**		[●] per cent, of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*if applicable*)]
6.	**(i)**	**Specified Denominations[11]:**	[●]
	(ii)	**Calculation Amount:**	[●]
7.	**(i)**	**Issue Date:**	[●]
	(ii)	**Interest Commencement Date**	[*specify*/Issue Date/Not applicable]
8.	**Maturity Date:**		[*specify date* or (*for Floating Rate Notes*), Interest Payment Date falling in or nearest to the relevant month and year]

10 The currencies benefitting from the Guarantee are set out in the Guarantee.

11 For Bearer Notes, if the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert:
"€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000."

9.	**Interest Basis:**	[[●] per cent. Fixed Rate] [[[●] month EURIBOR/LIBOR/[●] Year EUR CMS] +/- [●] per cent. Floating Rate] [Zero Coupon][Other (*specify*)] (Further particulars specified at paragraphs [15/16/17] below)
10.	**Redemption/Payment Basis:**	[Redemption at par/Instalment/Other (specify)/Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/[100]] per cent of their nominal amount]
11.	**Change of Interest or Redemption/Payment Basis:**	[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis or refer to paragraphs 15/16/17 below and identify there*][Not Applicable]
12.	**Put/Call Options:**	[Noteholder Put] [Issuer Call] [(Further particulars specified below)]
13.	**(i) Status of the Notes:**	Unsubordinated
	(ii) Date of the corporate authorisation for issuance of Notes:	Resolution of the *Conseil d'Administration* dated [●] and a decision of [●] dated [●]
14.	**Method of distribution:**	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions:**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/ other (specify)] in arrear on each Specified Interest Payment Date]
	(ii) Specified Interest Payment Date(s):	[●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "**Business Day**"]/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[[●] per Calculation Amount/Not Applicable]
	(iv) Broken Amount(s):	[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]

	(v)	**Day Count Fraction:**	[30/360/Actual/Actual(ICMA/ISDA)/other]
	(vi)	**Determination Dates:**	[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
	(vii)	**Other terms relating to the method of calculating interest for Fixed Rate Notes:**	[Not Applicable/give details]
		(a) Business Day Convention	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other (*give details*)]
		(b) Business Centre(s):	[●]
16.	**Floating Rate Note Provisions:**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	**Interest Period(s):**	[●]
	(ii)	**Specified Interest Payment Dates:**	[ ] in each year, [subject to adjustment in accordance with the Business Day Convention set out in (v) below/not subject to any adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]
	(iii)	**First Specified Interest Payment Date:**	[●]
	(iv)	**Interest Period Date:**	[●] (Not applicable unless different from Interest Payment Date)
	(v)	**Business Day Convention:**	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)/Not Applicable]
	(vi)	**Business Centre(s):**	[●]
	(vii)	**Manner in which the Rate(s) of Interest is/are to be determined:**	[Screen Rate Determination/ISDA Determination/other (*give details*)]
	(viii)	**Calculation Agent responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):**	[●]

(ix)	**Screen Rate Determination:**		
	(a)	**Reference Rate:**	[[●] month EURIBOR/LIBOR/[●] Year EUR CMS]
	(b)	**Linear Interpolation:**	[Applicable/Note Applicable] [If applicable and the Rate of Interest is determined by linear interpolation in respect of an interest accrual period (as per Condition 5(c), insert the relevant interest accrual period(s) and the relevant two rates used for such determination]
	(c)	**Interest Determination Date(s):**	[●] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]
	(d)	**Relevant Screen Page:**	[●]
	(e)	**Reference Banks:**	[Not Applicable/[●]]
(x)	**ISDA Determination:**		
	(a)	**Floating Rate Option:**	[●]
	(b)	**Designated Maturity:**	[●]
	(c)	**Reset Date:**	[●]
	(d)	**ISDA Definitions:**	[2006]
(xi)	**Margin(s):**		[+/-][●] per cent, per annum
(xii)	**Minimum Rate of Interest:**		[Zero per cent., per annum pursuant to Condition 5(b)(iii)][Amend if not applicable]
(xiii)	**Maximum Rate of Interest:**		[●] per cent., per annum
(xiv)	**Day Count Fraction:**		[●]
(xv)	**Fall-back provisions, rounding provisions, denominator and other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:**		[●]

17.	**Zero Coupon Note Provisions:**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Amortisation Yield:	[●] per cent., per annum

	(ii)	**Day Count Fraction:**	[●]
	(iii)	**Any other formula/basis of determining amount payable:**	[●]
	(iv)	**Zero Coupon Early Redemption Amount:**	[specify Amortised Face Amount or Zero Coupon Early Redemption Amount where Redemption Amount is variable]

PROVISIONS RELATING TO REDEMPTION

18.	**Issuer Call Option:**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	**Optional Redemption Date(s):**	[●]
	(ii)	**Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):**	[●] per Calculation Amount
	(iii)	**If redeemable in part:**	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount
		(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv)	**Issuer's Notice Period:**	[●][12] days
19.	**Noteholder Put Option:**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	**Optional Redemption Date(s):**	[●]
	(ii)	**Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):**	[●] per Calculation Amount
	(iii)	**Noteholders' Notice Period:**	[●][13] days
	(iv)	**Non-Extension Option:**	[Applicable/Not Applicable]
		(a) Initial Maturity Date:	[●]

12 As long as the Notes are held in global form, the Issuer's Notice Period must be a minimum of five Clearing System Business Days.

13 As long as the Notes are held in global form, the Noteholders' Notice Period must be a minimum of five business days.

	(b)	**Extended Maturity Date(s):**	[●]
	(c)	**Final Extended Maturity Date:**	[●]
	(d)	**Automatic Extension Date(s):**	[●]
	(e)	**Automatic Extension Period:**	[●]
	(f)	**Automatic Extension Duration:**	[●]
	(g)	**Exercise Period(s):**	[●]
20.	**Final Redemption Amount of each Note:**		[●] per Calculation Amount
21.	**Early Redemption Amount:**		
	(i)	**Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):**	[●]/[Not Applicable]
	(ii)	**Redemption for taxation reasons permitted on days other than Specified Interest Payment Dates:**	[Yes/No/Not Applicable/Provisions of Condition 8 apply]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	**Form of Notes:**	[**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

		[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary / Permanent Global Note [not] exchangeable for Definitive Notes at the option of the holder][14]]
		[**Registered Notes:**
		Registered Global Note ([●] nominal amount)/Registered Notes in definitive form (specify nominal amounts)]
23.	**New Global Note:**	[Yes/No]
24.	**Financial Centre(s) or other special provisions relating to payment dates:**	[Not Applicable/*give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which items 15(vii)(b), and 16(vi) relate*]
25.	**Adjusted Payment Date (Condition 7(g)):**	[the following business day]/[other]
26.	**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. (*As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.*)]
27.	**Details relating to Instalment Notes redeemable in instalments (amount of each instalment, date on which payment is to be made):**	[Not Applicable/*give details*] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Instalment Amount(s):	[●]
	(ii) Instalment Date(s):	[●]
	(iii) Minimum Instalment Amount:	[●]
	(iv) Maximum Instalment Amount:	[●]
28.	**Renominalisation and reconventioning provisions:**	[Not Applicable/The provisions [in Condition [●]] apply]
29.	**Consolidation provisions:**	[Not Applicable/The provisions [in Condition [●]] apply]
30.	**Other terms:**	[Not Applicable/give details]

DISTRIBUTION

14 Temporary / Permanent Global Note may only be exchangeable for Definitive Notes at the option of the holder in the case of Notes with a single denomination.

31.	**(i) If syndicated:**	
	(a) Names and addresses of Managers and underwriting commitments/quotas:	[Not Applicable/*give names, addresses and underwriting commitments*]
	(b) Stabilising Manager(s) (if any):	[Not Applicable/*give name(s)*]
32.	**If non-syndicated, name and address of Dealer:**	[Not Applicable/*give name and address*]
33.	**U.S. Selling Restrictions:**	[Reg. S Category 2; TEFRA C/TEFRA D/TEFRA not applicable]
34.	**Additional selling restrictions:**	[Not Applicable/*give details*]

Responsibility

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

Signed on behalf of the Issuer:

By:..

Duly authorised

Part B — Other Information

1. Listing and Admission to Trading

[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange [or specify the relevant regulated market] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange [or specify the relevant regulated market] with effect from [●].] (Where documenting a fungible issue, need to indicate that original securities are already admitted to trading.)

2. Ratings Applicable

[[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[S & P: [●]]

[Moody's: [●]]

[[Other]: [●]]

(*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*)

(*Include appropriate Credit Rating Agency Regulation (Regulation (EC) No 1060/2009 as amended) disclosure*)

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

[[*Insert credit rating agency/ies] [is/are] established in the European Union and [has/have each] applied for registration under Regulation (EC) No 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority] [[Insert credit rating agency/ies] [is/are] established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended)*)]]

[[*Insert credit rating agency/ies] [is/are] not established in the European Union and [has/have each] not applied for registration under Regulation (EC) No 1060/2009 (as amended)*]]

3. Interests of Natural and Legal Persons Involved in the [Issue/Offer]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"*Save as discussed in Subscription and Sale, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.*"

4. [Reasons for the Offer, Estimated Net Proceeds and Total Expenses]

[(i)] Reasons for the offer:	[●] (S*ee ["Use of Proceeds"] wording in Information Memorandum – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here*.)]
[(ii)] Estimated net proceeds:	[●] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)
[(iii)] Estimated total expenses:	[●] (*Include breakdown of expenses*)

5 *[Fixed Rate Notes only*—Yield]

Indication of yield:	[●] Calculated as *[include details of method of calculation in summary form]* on the Issue Date. As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6 Operational Information

ISIN:	[●]
Common Code:	[●]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s):	[Not Applicable/give *name(s) and number(s)*[*and address(es)*]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional	[●]

Agent(s) (Calculation Agent or Paying Agent, if any):	
Intended to be held in a manner which would allow Eurosystem eligibility:	[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 only*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*Include this text if "yes" selected, in which case bearer Notes must be issued in NGN or NSS form unless they are deposited with Euroclear France acting as central depositary.*] [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and 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.] [*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.]]
The aggregate principal amount of the Notes issued has been translated into [Euros] at the rate of [●], producing a sum of (for Notes not denominated in [Euros]):	[Not applicable/[USD] [●]]

GENERAL INFORMATION

1. No authorisation procedures are required of the Issuer in the Republic of France in connection with the update of the Programme. However, to the extent that Notes issued under the Programme may constitute *obligations* under French Law, the issue of the Notes was authorised by a resolution of the Board of Directors of DCL dated 17 May 2016.

2. Each permanent Global Note and any Bearer Note, Talon, Coupon or Receipt issued in compliance with the D Rules under TEFRA will bear the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*".

3. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number ("**ISIN**") and (where applicable) the Euroclear France number for each Series of Notes will be set out in the relevant Pricing Supplement. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. The address of any alternative clearing system will be specified in the applicable Pricing Supplement.

4. For the avoidance of doubt, the Notes are freely transferable and cannot be cancelled by virtue of being sold or transferred to an entity which does not constitute a Third Party Beneficiary (as defined in the Schedule A of the Guarantee).

5. For so long as the Programme remains in effect or any Notes remain outstanding, the following documents (including English translations where applicable) will be available during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at (and, in the case of the documents specified in sub-paragraphs (i), (v) and (vi) below, copies may be obtained from) the registered office of the Issuer, the office of the Fiscal Agent in Luxembourg and from the offices of the Paying Agents:

   (i) a copy of this Information Memorandum together with any Supplement to this Information Memorandum or further Information Memorandum;

   (ii) the Agency Agreement (which includes the form of the Global Notes, Global Certificates, definitive Notes in Bearer form, the Certificates, the Coupons, Receipts and Talons), together with any Supplement to the Agency Agreement;

   (iii) the Guarantee;

   (iv) the Deed of Covenant;

   (v) the *Statuts* of the Issuer;

   (vi) the audited annual accounts of the Issuer (non-consolidated and consolidated) for the two most recent financial years and the most recent half year financial report including the half year condensed consolidated financial statements of DCL; and

   (vii) each Pricing Supplement for Notes listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market or listed on any other stock exchange.

6. This Information Memorandum includes "forward-looking statements". All statements other than statements of historical facts included in this Information Memorandum, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under Risk Factors. These forward-looking statements speak only as of the date of this Information Memorandum.

   The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

7. This Information Memorandum and each Pricing Supplement issued in connection with Notes listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Pricing Supplement issued in respect of any Notes admitted to trading on a stock exchange other than the Regulated Market will be available free of charge at the registered office of the Issuer and from the office of the Paying Agent with a specified office in the city of such stock exchange.

8. Except as disclosed in this Information Memorandum and any document incorporated by reference therein, there has been no significant change in the financial or trading position or prospects of the Issuer since 31 December 2015.

9. Except as disclosed in this Information Memorandum and any document incorporated by reference therein, the Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

10. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Information Memorandum which is capable of affecting the assessment of any Notes, prepare a supplement or publish a new information memorandum for use in connection with any subsequent issue of Notes.

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

    In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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