

Base Prospectus dated 25 July 2013

# PALLADIUM SECURITIES 1 S.A.

*(a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg) with its registered office at 2, boulevard Konrad Adenauer, L-1115 Luxembourg, registered with the Luxembourg trade and companies register under number B.103.036 and subject to the Luxembourg Act dated 22 March 2004, as amended)*

## Programme for the issuance of Secured Notes

This document constitutes a base prospectus (a “**Base Prospectus**” for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the “**Prospectus Directive**”)) in respect of the Programme (as defined below) and supersedes the base prospectus dated 21 September 2012 (the “**Original Base Prospectus**”).

**Programme:** Under its Programme (the “**Programme**”) for the issuance of secured notes (the “**Instruments**”), Palladium Securities 1 S.A. (the “**Company**”) and acting in respect of one of its compartments, the “**Issuer**”) may from time to time issue Instruments. Instruments will be issued in one or more separate series (each, a “**Series**”). Each Series will be authorised by the board of directors of the Company (the “**Board**”) and subject to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the “**Securitisation Act 2004**”) and the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the “**Companies Act 1915**”). The terms and conditions (the “**Conditions**”) of the Instruments will comprise the General Conditions (the “**General Conditions**”) set out in this Base Prospectus, which will be completed by the relevant Final Terms (the “**Final Terms**”). The Instruments will be issued in bearer form. A form of Final Terms is attached as Annex 3 to this Base Prospectus.

**You must refer to the relevant Final Terms for each issue of Instruments as well as to this Base Prospectus.**

**Compartments and Series Assets:** Under Luxembourg law, the Company’s assets and liabilities can be divided into “compartments”. The Issuer will purchase assets with the proceeds of issue of the Series of Instruments, and those assets (the “**Series Assets**”) and the Issuer’s liabilities in respect of any one Series of Instruments will be allocated to the Compartment (as defined herein) created for that Series of Instruments and will be segregated from the Company’s other assets and liabilities and from the assets and liabilities allocated to all other Compartments. The Series Assets in the Compartment will be available exclusively to meet the Issuer’s obligations in respect of that Series of Instruments and may not be used by the Company to meet its obligations in respect of any other Series of Instruments or any other obligations. In addition, each Series of Instruments will be secured by a security interest over the Series Assets and the Issuer’s rights against the Agents, any Servicer, and the Custodian in respect of the Instruments, and may also be secured by an assignment of the Issuer’s rights under an interest rate and/or currency hedging agreement specified in the Final Terms.

**If the proceeds of enforcement of the security are not sufficient to meet all of its obligations in respect of the Series of Instruments, the Issuer’s obligations in respect of the Instruments will be limited to those proceeds and the Company’s other assets or assets of another Compartment will not be available to meet any shortfall. You may not receive the amounts you expected in respect of the Instruments and you may not recover all (or any) of your investment.**

**Risks:** There are risks associated with investing in the Instruments. See “Risk Factors” commencing on page 30 of this Base Prospectus for a discussion of some of such risks.

**Listing and Admission to Trading:** Application has been made to the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”), the Luxembourg financial sector and stock exchange regulator, in its capacity as competent authority under the Luxembourg act dated 10 July 2005 on prospectuses for securities, as amended, to approve this document as a base prospectus. The CSSF assumes no responsibility as to the economic and financial soundness of any Instruments issued pursuant to this Base Prospectus or as to the quality or solvency of the Issuer in line with article 7(7) of the Luxembourg Law on prospectuses for securities. Application has been made to the Luxembourg Stock Exchange for Instruments issued under the Programme during the period of 12 months from the date of this Base Prospectus (a) to be admitted to trading on (i) the Luxembourg Stock Exchange’s regulated market pursuant to Directive 2004/39/EC (the “**MiFID Directive**”), or (ii) the unregulated Euro MTF market in Luxembourg and (b) to be listed on the Official List of the Luxembourg Stock Exchange. References in this Base Prospectus to Instruments being “listed” (and all related references) shall mean that such Instruments are intended to be admitted to trading on the Luxembourg Stock Exchange’s regulated market or the unregulated Euro MTF market in Luxembourg and are intended to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of the MiFID Directive. Instruments may be listed on such other or further stock exchanges as the Company may determine. The Company may also issue unlisted Instruments.

**Ratings:** Instruments issued under the Programme will be rated or unrated. Where an issue of Instruments is to be rated, such rating will not necessarily be the same as the rating assigned to Instruments already issued. Whether or not a rating in relation to any Instruments will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Definitions:** Unless the context otherwise requires, or as otherwise provided in this Base Prospectus or the relevant Final Terms, capitalised words and expressions shall have the respective meanings given to them under the heading “Definitions” in “General Conditions” and/or “Articles of Association”.

*Arranger*

**Deutsche Bank AG, London Branch**

**Subject matter of this prospectus:** The subject matter of this Base Prospectus is the issue of Instruments by the Company under the Programme.

**Arranger:** Deutsche Bank AG, London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB (the “Arranger”) is the Arranger for the Instruments.

**The Company:** The Company is a special purpose vehicle incorporated as a *société anonyme* (public limited liability company) under the laws of the Grand Duchy of Luxembourg and has the status of an authorised securitisation undertaking under the Securitisation Act 2004. The Company was incorporated on 8 September 2004. A copy of the incorporation deed containing the articles of incorporation of the Company (the “Articles”) has been published in the *Mémorial C, Recueil des sociétés et associations* (the “Mémorial”) on 22 November 2004, number C1188 on page 56978. The Company is registered with the Luxembourg trade and companies register under number B.103.036. Its registered office is at 2, boulevard Konrad Adenauer, L-1115 Luxembourg.

The Articles were amended on 23 April 2009, and copies of the amended and restated Articles were lodged with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) on 7 May 2009. The amendment to the Articles was published in the Mémorial on 15 May 2009, number C1012 on page 48536. As and when further restated versions (*statuts coordonnés*) of the Articles are produced, such restated versions will be filed with the Luxembourg trade and companies register and will be available for inspection. Each amendment of the Articles, which is subject to the prior approval of the CSSF, will be published in the Mémorial and, if required, in the official publications specified for the respective countries in which Instruments are sold.

**Responsibility:** This Base Prospectus has been prepared for the purpose of providing information with regard to the Company and the Instruments (amongst other things). The Company consents to the use of the Base Prospectus in Austria, Belgium, Germany, Italy, Poland, Portugal, Spain, and Switzerland and accepts responsibility for the content of the Base Prospectus also with respect to the subsequent resale or final placement of securities by any financial intermediary which was given consent to use the Base Prospectus. This consent is valid for 12 months from the date of publication of the Base Prospectus.

Conditions attached to the Company’s consent to use the Base Prospectus will be provided in the Final Terms.

The Company (also referred to as the “Responsible Person”) accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Company (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information. To the fullest extent permitted by law, neither the Arranger nor any Purchaser accepts any responsibility for the contents of this Base Prospectus or for any other statement made or purported to be made by the Arranger or any such Purchaser or on its behalf in connection with the Issuer or the issue and offering of the Instruments. Each of the Arranger and any Purchaser 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 Base Prospectus or any such statement.

**In the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.**

**Any financial intermediary using this Base Prospectus in connection with an offer of Instruments is required for the duration of the relevant offer period to publish on its website that it is using this Base Prospectus for such offer in accordance with the consent of the company and the conditions included thereto.**

Should any new information with respect to financial intermediaries unknown at the time of the approval of the Base Prospectus of the filing of the Final Terms, as the case may be, arise, that new information will be published, and available for viewing, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

**Verification:** None of the Arranger, any Purchaser, the Trustee, any Hedging Counterparty or any Calculation Agent has separately verified the information contained in this Base Prospectus or in any Supplement or any Final Terms and accordingly none of the Arranger, any Purchaser, the Trustee, any Hedging Counterparty or any Calculation Agent makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Base Prospectus or any Final Terms or in any further information, notice or other document which may at any time be supplied in connection with the Instruments or their distribution. None of them accepts any responsibility or liability therefor. None of the Arranger, any Purchaser or the Trustee undertakes to review the financial condition or affairs of the Company during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in any Instruments of any information coming to the attention of either the Arranger, any Purchaser or the Trustee.

**Change of Circumstances:** Neither the delivery of this Base Prospectus nor any sale made in connection with this Base Prospectus or such Final Terms shall at any time imply that the information contained in this Base Prospectus or such Final Terms is correct at any time subsequent to the date of this Base Prospectus or such Final Terms, or that any further information supplied in connection with the Instruments is correct as of any time subsequent to the date indicated in the document containing the same.

**Distribution:** The distribution of this Base Prospectus or any Final Terms and the offering or sale of the Instruments in certain jurisdictions may be restricted by law. None of the Issuer, the Arranger, any Purchaser or the Trustee represents that this document may be lawfully distributed, or that any Instruments may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any distribution or offering. Accordingly, no Instruments may be offered or sold, directly or indirectly, and none of this Base Prospectus, any Final Terms, any advertisement relating to any Instruments and any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. If you receive this Base Prospectus or any Final Terms, you are required by the Issuer and the Arranger to inform yourselves about and to observe any such restrictions. For a description of certain restrictions on the sale and transfer of the Instruments, please refer to “Sales and Transfer Restrictions” on pages 158 to 163 of this Base Prospectus.

**US Selling Restrictions:** The Instruments have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”). The Instruments are bearer instruments that are subject to U.S. tax law requirements. Subject to certain exceptions, the Instruments may not be offered, sold or delivered within the United States or to U.S. Persons.

**Representations:** No person has been authorised to give any information or to make representations other than those contained in this Base Prospectus or any Final Terms in connection with the issue or sale of the Instruments and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or the Issuer (as appropriate), the Arranger, any Purchaser or the Trustee.

**Independent Investigation:** None of this Base Prospectus, any Final Terms or any further information supplied in connection with the Instruments is intended to provide the basis of any credit or other evaluation, and none of this Base Prospectus, any Final Terms or any such further information should be considered as a recommendation by the Company or the Issuer (as appropriate), the Arranger, any Purchaser and/or the Trustee that any recipient of this Base Prospectus or any further information supplied in connection with the Instruments should purchase any Instruments. If you are contemplating purchasing Instruments, you must

make your own independent investigation of the risks involved in an investment in the Instruments. The Instruments have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Base Prospectus or any Final Terms. Any representation to the contrary is a criminal offence. None of this Base Prospectus, any Final Terms or any other information supplied in connection with the Instruments constitutes an offer by or on behalf of the Company or the Issuer (as appropriate) and/or the Arranger or any other person to purchase any Instruments.

**Currency References:** In this Base Prospectus, any supplement to this Base Prospectus (each a “**Supplement**”) and any Final Terms, unless otherwise specified or the context otherwise requires, references to “**dollars**”, “**US dollars**”, “**USD**” and “**US\$**” are to United States dollars and references to “**euro**”, “**EUR**” and “**€**” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty of European Union as amended by the Treaty of Amsterdam.

## TABLE OF CONTENTS

	<b>Page</b>
SUMMARY .....	7
RISK FACTORS .....	30
POTENTIAL CONFLICTS OF INTEREST.....	50
GENERAL DESCRIPTION OF THE PROGRAMME .....	51
DOCUMENTS INCORPORATED BY REFERENCE.....	63
GENERAL CONDITIONS .....	65
ARTICLES OF ASSOCIATION .....	117
DESCRIPTION OF THE ISSUER.....	121
ADDITIONAL INFORMATION IN RELATION TO THE PARTIES TO THE STRUCTURE .....	126
TAXATION .....	128
SALES AND TRANSFER RESTRICTIONS .....	159
USE OF PROCEEDS .....	167
GENERAL INFORMATION .....	168
GLOSSARY .....	170
ANNEX 1 COLLATERAL ANNEX.....	187
ANNEX 2 PRINCIPAL TERMS AND CONDITIONS OF UNLISTED COLLATERAL .....	228
ANNEX 3 FORM OF FINAL TERMS.....	230

## SUMMARY

*Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A – E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary due to the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.*

### Section A – Introduction and warnings

Element	Description of Element	Disclosure requirement
A.1	Warnings	<p>This summary should be read as an introduction to the Base Prospectus.</p> <p>Any decision to invest in the Instruments should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Instruments.</p>
A.2	Consent	<p>The Company consents to the use of the Base Prospectus in Austria, Belgium, Germany, Italy, Spain, Poland, Portugal, and Switzerland and accepts responsibility for the content of the Base Prospectus also with respect to the subsequent resale or final placement of securities by any financial intermediary which was given consent to use the Base Prospectus. This consent is valid for 12 months from the date of publication of the Base Prospectus.</p> <p><b>Investors should be aware that information on the terms and conditions of the offer by any financial intermediary shall be provided at the time of the offer by the financial intermediary.</b></p>

### Section B – Issuer

Element	Description of Element	Disclosure requirement
B.1	Legal and Commercial Name of the	Palladium Securities 1 S.A. (the “ <b>Company</b> ”) acting in respect of a specified compartment.

	Issuer	
B.2	Domicile /Legal Form /Legislation /Country of Incorporation	The Company is domiciled in Luxembourg and is a public limited liability company ( <i>société anonyme</i> ) incorporated under the laws of the Grand Duchy of Luxembourg. It was incorporated in Luxembourg on 8 September 2004.
B.16	Control of Issuer	The Company has 181,818 ordinary shares, all of which are fully paid and are held by two companies, The Freesia Charitable Trust and Anson Fund Managers Limited, on trust for charitable purposes. Such holders have no beneficial interest in and derive no benefit (other than any expenses for acting as share trustee) from their holding of the issued shares. They will apply any income derived by them from the Company solely for charitable purposes.
B.17	Credit ratings	<p>The Series of Instruments is [unrated] [rated by [<i>S&amp;P entity</i>] [<i>Moody's entity</i>][<i>DBRS entity</i>][●]][expected to be rated on or about the Issue Date by [<i>S&amp;P entity</i>][<i>Moody's entity</i>][<i>DBRS entity</i>][●]. [The rating of the Instruments (if any) will be published on the website of the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>) and on the website <a href="http://www.it.investmentprodukte.db.com">www.it.investmentprodukte.db.com</a> on or about the Issue Date. No assurance is given that the Instruments will have a particular rating, or any rating at all, on or about the Issue Date].</p> <p>[[<i>S&amp;P entity</i>][<i>Moody's entity</i>][<i>DBRS entity</i>] is established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies.] [The rating of the Series of Instruments will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the “<b>CRA Regulation</b>”).] [[●] [is]/[are] established in the European Union and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009, although the result of such application has not yet been determined.] [[●] [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC) No 1060/2009.]</p>
B.20	Special Purpose Vehicle	The Company is a special purpose vehicle for the purpose of issuing asset backed securities.
B.21	Principal activities and global overview of parties	<p>The Company’s principal activities are to enter into, perform and serve as a vehicle issuing asset backed securities for any securitisation transactions as permitted under the Securitisation Act 2004.</p> <p>Deutsche Trustee Company Limited of Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, will act as trustee in respect of the Series of Instruments (the “<b>Trustee</b>”). Deutsche Bank AG, acting through its London Branch, located at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, will act as Arranger, Principal Agent and Paying Agent in respect of the Series of Instruments. Deutsche Bank Luxembourg S.A. will act as Custodian[, Listing Agent, Servicer and Luxembourg Paying Agent] in respect of the Series of Instruments. Deutsche Trustee Company Limited, Deutsche Bank AG, acting through its London Branch and Deutsche Bank Luxembourg S.A. are each members of the Deutsche Bank Group.</p>

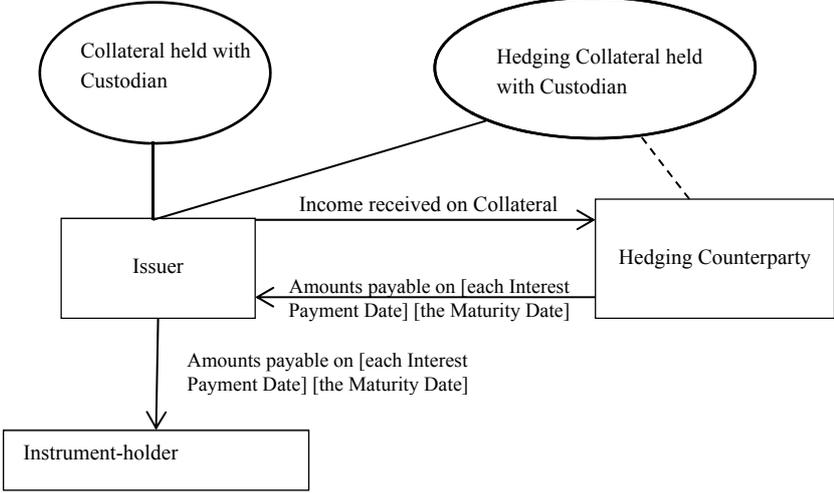
		<p>[[Deutsche Bank AG, acting through its London Branch][Deutsche Bank AG, acting through its Frankfurt Branch] will act as [Hedging Counterparty,] [Calculation Agent,] [Selling Agent] [and/or] [Dealer].]</p> <p>Deutsche Bank Aktiengesellschaft (“<b>Deutsche Bank AG</b>”) is a banking institution and a stock corporation incorporated under the laws of Germany and has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.</p> <p>Deutsche Bank AG is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the “<b>Deutsche Bank Group</b>”).</p>
B.22	Operations	Not applicable. The Company has commenced operations and financial statements are available.
B.23	Key financial information	<p>The summary information below is extracted from the Issuer’s audited accounts as at 31 January 2012 and 31 January 2013:</p> <p>Total Assets:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 1,941,190,137 31 January 2013 – EUR 3,053,453,801</p> <p>Total Liabilities:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 1,941,190,137 31 January 2013 – EUR 3,053,453,801</p> <p>Total Charges:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 92,022,526 31 January 2013 – EUR 253,272,272</p> <p>Total income:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 92,022,526 31 January 2013 – EUR 253,272,272</p>
B.24	Material adverse change	Not applicable. There has been no material adverse change in the financial position or prospects of the Company since the date of the latest audited accounts dated 31 January 2013.
B.25	Description of underlying assets	The Company acting in respect of one of its compartments (the “ <b>Issuer</b> ”) will use the proceeds from the issue of the Series of Instruments to purchase the Collateral which will form part of the Series Assets [and enter into the Hedging Agreement]. The Series Assets for the Compartment will include the proceeds of the issue of the Series of Instruments, the Collateral, [the hedging agreement (the “ <b>Hedging Agreement</b> ”) between the Issuer and the hedging counterparty (“ <b>Hedging Counterparty</b> ”) in respect of the Series of Instruments,] [any hedging collateral] [and any proceeds from any relevant Hedging Agreement]. See item B.28 below.

		<p>The Series Assets have characteristics whereby, taken together, they demonstrate a capacity to produce funds to service the Issuer’s obligations to make payments due and payable under the Instruments.</p> <p>[Insert if “Option Premium” will be Applicable: On the Issue Date, the nominal amount of Collateral to be delivered to the Issuer under the Hedging Agreement will exceed the Aggregate Nominal Amount of the Instruments. The difference between the nominal amount of the Collateral and the Aggregate Nominal Amount of the Instruments on the Issue Date is equal to [●]. This excess amount shall be payable by the Issuer to the Hedging Counterparty (whether at maturity or otherwise) be way of a final exchange under the Hedging Agreement. This amount represents the premium payable to the Hedging Counterparty by the Issuer in respect of an option on [●] contained in the Hedging Agreement and is of an amount equal to [●]. In the event of an early termination of the Instruments the present value of this excess amount at the time of termination, as determined by the Calculation Agent in its sole and absolute discretion, will comprise part of the Early Termination Unwind Costs.]</p> <p>The Collateral for the Series of Instruments will consist of [a pool of] [debt securities][debt securities consisting of covered bonds][equity securities][●] issued by [ABN Amro Bank NV][Allied Irish Banks Plc][AIB Mortgage Bank][ArcelorMittal][Areva SA][Atlantia SPA][AUTO ROUTES PARIS RHIN-RH][Autostrade SpA][Autostrade per l’Italia SpA][AXA Bank Europe SA][Banco Monte Dei Paschi Siena][Banca Popolare di Milano S.c.a.r.l.][Banca Popolare di Vicenza S.C.P.A.][Banco Bilbao Vizcaya Argentaria SA][Banco Comercial Portugues SA][Banco de Sabadell SA][Banco Espanol de Credito SA (Banesto)][Banco Espirito Santo SA][Banco Popolare – Società Cooperativa][Banco Popular Espanol SA][Banco Santander SA][Banco Santander Totta SA][Bankinter SA][Banque Federative du Credit Mutuel SA][Banque Populaire Occitane SAC][Banque PSA Finance SA][Barclays Plc][Belfius Funding NV][BNP Paribas SA][BPCE SA][Brisa Auto-Estradas de Portugal SA][Brisa - Concessao Rodoviaria SA][Brisa Finance BV][Caisse Centrale du Credit Immobilier de France SA][Caisse Federale du Credit Mutuel Nord Europe SAC][Caixa Geral de Depositos SA][Caja de Ahorros y Pensiones de Barcelona, SA (La Caixa)][CIC][Ciments Francais SA][Clariant AG][Collectivites Territoriales][Compagnie de Financement Foncier (“CFF”)][Comunidad Autonoma de Canarias][Comunidad de Madrid][Comunidad Foral De Navarre][Credit Agricole Corporate &amp; Investment Bank SA][Credit Agricole SA][Delhaize Group][DEPFA ACS BANK][Deutsche Bank AG][EDP Finance BV][Enel Finance International NV][Enel SpA][Energias de Portugal SA][E.ON International Finance BV][Erste Europaeische Pfandbriefe und Kommunalkreditbank AG][E.ON AG][European Investment Bank][Federal Republic of Germany][Fiat Finance &amp; Trade SA][Fiat SpA][Finmeccanica Finance S.A][Finmeccanica SpA][Fondo de Amortizacion del Deficit Electrico (FADE)][Fondo de Reestructuracion Ordenada Bancaria][Fortis Bank SA/NV][Franz Haniel &amp; Cie GmbH][French Republic][Galp Energia, SGPS SA][Gazprom OAO][Generalitat De Catalunya][Generalitat De Valencia][HeidelbergCement AG][HSBC Bank Plc][HSBC Holdings Plc][Hypo Pfandbrief Bank International</p>
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B.26	Actively managed pool of assets	Not applicable. The Series Assets of the Series of Instruments will not consist, in whole or in part, of an actively managed pool of assets.
B.27	Further issuances backed by same pool of assets	The Issuer may from time to time issue further Instruments of the Series on the same terms as the existing Instruments and on terms that such further Instruments shall be consolidated and form a single series with the existing Instruments of the Series; provided that, unless otherwise approved by Extraordinary Resolution of holders of Instruments (the “ <b>Instrumentholders</b> ”) of the Series, the Issuer shall provide additional assets to form part of the Series

		Assets for such further Instruments and existing Instruments.
B.28	Structure of the transaction	<p>The Instruments of the Series issued under the Programme are constituted by the Series Instrument (as amended, supplemented and/or restated from time to time, the “<b>Series Instrument</b>”) dated the Issue Date between, <i>inter alios</i>, the Issuer, the Principal Agent, the Trustee, the Custodian[, the Servicer, and the Hedging Counterparty].</p> <p>The Issuer may offer Instruments in the Series to retail clients, professional clients or other eligible counterparties.</p> <p>The Issuer will use the proceeds from the issue of the Instruments to purchase the Collateral [and to enter into the Hedging Agreement], which will, [along with the Issuer’s rights under any Hedging Agreement, any Hedging Collateral and any proceeds from any relevant Hedging Agreement], form part of the Series Assets. The Series Assets are exclusively allocated to the Compartment established by the board of directors of the Issuer in respect of the Instruments, will be kept separate from the other assets of the Issuer and the Company and will be secured in favour of the Trustee on behalf of the Instrumentholders.</p> <p><b>Collateral</b></p> <p>The Issuer will procure that any Collateral constituting “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004 is delivered to the Custodian on the Issue Date. The Custodian will then hold such Collateral on behalf of the Issuer subject to the security created in favour of the Trustee, the conditions set out in the Securitisation Act 2004 and to the terms of the Series Instrument. [The Servicer shall collect payments made in respect of the Series Assets which it holds in its capacity as Custodian (either directly or via a sub-custodian). For these purposes, references to “collect” or the “collection” of payments shall be construed as meaning the receipt of payments due with respect to such assets held and shall not extend to ensuring performance of such assets whether by management of the recovery of unpaid debts or otherwise. The role of Servicer is restricted to this single duty accordingly.]</p> <p><b>Security</b></p> <p>Instruments shall be secured by a security interest over the Series Assets in favour of the Trustee for the benefit of the Instrumentholders and the Issuer’s rights against the Agents[, the Servicer] and the Custodian in respect of the Instruments.</p> <p><b>[Hedging Agreement</b></p> <p>The Issuer will enter into a Hedging Agreement with the Hedging Counterparty, pursuant to which the Issuer will be entitled to receive certain agreed payment amounts.</p> <p>[Insert if “Option Premium” will be Applicable: The amount of Collateral to be delivered shall exceed the amount payable by the Hedging Counterparty as the excess Collateral includes an amount equal to [●], which represents the premium payable by the Issuer to the Hedging Counterparty in respect of [●]</p>

		<p>under the Hedging Agreement.]</p> <p><b><i>[Insert if Hedging Agreement will be collateralised:</i></b> The Hedging Counterparty may be required to provide hedging collateral pursuant to the terms of the Credit Support Document (“<b>Hedging Collateral</b>”) in order to support its obligations under the Hedging Agreement.]</p> <p><b><i>[Insert if “2-Way Hedging Collateral Posting” applicable:</i></b> The Issuer may also be required to deliver collateral comprising the Collateral to the Hedging Counterparty in order to collateralise its obligations to the Hedging Counterparty. The obligation of the Issuer to deliver is limited to the amount of Collateral held by the Issuer.]</p> <p><b><i>[Insert if no “2-Way Hedging Collateral Posting” will be applicable:</i></b> The Issuer will not be obliged to collateralise its obligation under the Hedging Agreement.]</p> <p>The Issuer will procure that any Hedging Collateral constituting “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004 will be delivered to the Custodian and subject thereto, such Hedging Collateral will be held by the Custodian on behalf of the Issuer and subject to the security created. The Hedging Collateral is subject to the rights of the Hedging Counterparty to request from time to time redelivery of the Hedging Collateral pursuant to the terms of the Hedging Agreement. See item B.29 below. In the event of an early termination of the Series of Instruments, the Issuer [or the Selling Agent] will realise any Collateral and terminate the Hedging Agreement and the Issuer will pay to the Instrumentholders the Early Termination Amount in respect of the Instruments. See Item C.9 below.]</p>
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B.29	Description of cashflows and information on the Hedging Counterparty	<p><b>[Insert, if no Hedging Agreement is entered into:</b> The Issuer for the Series of Instruments may finance any payments to Instrumentholders directly through payments of principal, interest, dividends or other distributions received on the Collateral and other Series Assets.]</p> <p><b>[Insert, if Hedging Agreement is entered into:</b> The Issuer for each Series of Instruments may finance any payments to Instrumentholders as set out in the below diagram:</p>  <p>This means that any income received by the Issuer from any Collateral will be exchanged with the Hedging Counterparty for an income stream that matches, in relation to rate and/or currency, the amounts to be paid under the Instruments.]</p>
B.30	Originators of securitised assets	<p>[Deutsche Bank AG, London Branch. It is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.][●]</p>

**Section C – Securities**

Element	Description of Element	Disclosure requirement
C.1	Type and class of securities being offered	The Instruments are senior, secured debt obligations of the Issuer with ISIN [●].
C.2	Currency	Subject to compliance with all relevant laws, regulations and directives, the Instruments are denominated in [●].
C.5	Restrictions on free	There are restrictions on sales of Instruments into, amongst other jurisdictions, the United States and the European Economic Area (including Austria, Belgium, Germany,

	transferability	Italy, Poland, Portugal, Spain, Switzerland and the United Kingdom). These restrictions are mainly targeting offerings to the public in the specific jurisdiction unless certain exceptions apply.
C.8	Conditions of the securities	<p>The Instruments have terms and conditions relating to, among other matters:</p> <p><b>Withholding Tax</b></p> <p>If, on the occasion of the next payment due in respect of the Instruments, the Issuer would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, the Issuer will use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal obligor or to change its residence for taxation purposes or, to the extent permitted by law, change its domicile to another jurisdiction. If the Issuer is unable to arrange such substitution or change, or if the Issuer is unable to carry out such substitution or change in a tax efficient manner before the next payment is due in respect of the Instruments, the Issuer shall cancel all of those Instruments.</p> <p>All payments in respect of the Instruments will be subject (i) to all laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever 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 "<b>Code</b>") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Instrumentholder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Instruments, including without limitation pursuant to the U.S. "Foreign Account Tax Compliance Act". The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to the Instrumentholder, such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.</p> <p><b>Events of Default</b></p> <p>The Instruments contain the following Events of Default:</p> <p>(a) default in the payment of any sum due in respect of the Instruments or any of them is made for a period exceeding the applicable Grace Period; or</p> <p>(b) failure by the Issuer to perform or observe any of its other obligations under the Instruments, the Series Instrument, in certain cases continuing for a specified period of time; or</p> <p>(c) events relating to the winding-up or dissolution of the Issuer or the Company or the appointment of an administrator.</p> <p>"<b>Grace Period</b>" means a period of 14 days or, if "Collateral Matched Grace Period" is specified as "Applicable" in the relevant Final Terms, the period specified in the</p>

	<p>relevant Final Terms which shall be equal to the grace period applicable to the payment of any sum due in respect of the Collateral before a default may be declared under the terms thereof.</p> <p><b>Governing Law</b></p> <p>The Instruments are governed by English law. Articles 86 to 97 of the Companies Act 1915, as amended, are excluded.</p> <p><b>Status and Security</b></p> <p>The Instruments are limited recourse obligations of the Issuer, ranking <i>pari passu</i> without any preference among themselves.</p> <p>The Instruments are secured by:</p> <p>(a) (i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee of the Collateral and all of the Issuer's rights in respect of and sums derived from the Collateral and (ii) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer's rights in respect of the Collateral against the Custodian. [To the extent that eligible credit support is due from the Issuer to the Hedging Counterparty in accordance with the Credit Support Document, the security over such eligible credit support comprising the Collateral will be deemed to be released and the Issuer shall deliver such Collateral to the Hedging Counterparty];</p> <p>(b) [an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest under the Hedging Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder];</p> <p>(c) a first fixed charge in favour of the Trustee over [(i)] the Issuer's right to all sums held by the Principal Agent and/or any Paying Agent and/or the Custodian to meet payments due in respect of the Instruments and under the Series Instrument [and (ii) any sums of money, securities or other property received or receivable by the Issuer under the Hedging Agreement];</p> <p>(d) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest under the Agency Agreement and the Purchase Agreement and all sums derived therefrom in respect of the Instruments;</p> <p>(e) to the extent that at any time the Collateral has not been delivered to the Custodian (or, if so specified in the Purchase Agreement, any sub-custodian) to be held on behalf of the Issuer as provided in the Purchase Agreement, an assignment by way of first fixed charge in favour of the Trustee of the Issuer's rights, title and interest under the Purchase Agreement and any sums received or receivable by the Issuer thereunder; and</p> <p>(f) [(i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee over the Hedging Collateral and all of the Issuer's rights in respect of any proceeds of the sale thereof and (ii) an assignment by way of first fixed charge in favour of the Trustee of all the Issuer's rights in respect of the Hedging Collateral against the Custodian (to the extent of any Hedging Collateral held by the Custodian).]</p>
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### **Limited Recourse**

Claims against the Issuer by Instrumentholders [and the Hedging Counterparty] and each other creditor relating to the Instruments will be limited to the Series Assets applicable to the Instruments. If the net proceeds of the realisation of the Series Assets are not sufficient to make all payments due in respect of the Instruments and due to [the Hedging Counterparty and] each other creditor relating to the Instruments, no other assets of the Company will be available to meet such shortfall, the claims of the holders of the Instruments and any [such Hedging Counterparty or] other creditors relating to the Instruments in respect of any such shortfall shall be extinguished. No party will be able to petition for the winding-up of the Company as a consequence of any such shortfall or launch proceedings against the Company which are based on article 98 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended.

### **Order of Priorities**

The respective rankings for priority of the interest of the Instrumentholders, [the Hedging Counterparty] and any other party entitled to the benefit of the security interests (each a “**Series Party**”) of the Instruments shall be according to the relevant priority of each of the payments described below.

*[Insert if “Hedging Counterparty Priority” shall apply:* The Trustee shall apply all moneys received by it in the following order:

- (a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument;
- (b) secondly, *pro rata* in payment of any amounts owing to: (i) the Hedging Counterparty under the Hedging Agreement (which shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral) and (ii) the Principal Agent for reimbursement in respect of any payment made to holders of the Instruments or to a Clearing Agent on behalf of such holders;
- (c) thirdly, *pro rata* in payment of any amounts owing to the holders of the Instruments; and
- (d) fourthly, in payment of the balance to the Issuer,

such ranking a “**Hedging Counterparty Priority Basis**”.]

*[Insert if “Hedging Counterparty Priority Default Flip” and “Instrumentholder Pari Passu Basis” shall apply:* The Trustee shall apply all moneys received by it in the following order:

- (a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument;
- (b) secondly, in payment of any amounts owing to the Principal Agent for reimbursement in respect of any payment made to Instrumentholders or to a Clearing

		<p>Agent on behalf of such holders;</p> <p>(c) thirdly, <i>pro rata</i> in payment of any amounts owing to the Hedging Counterparty under the Hedging Agreement (which shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral) and the Instrumentholders; and</p> <p>(d) fourthly, in payment of the balance to the Issuer,</p> <p>such ranking an “<b>Instrumentholder Pari Passu Basis</b>”]</p> <p><b>[Insert if “Hedging Counterparty Priority Default Flip” and “Instrumentholder Priority Basis” shall apply:</b> The Trustee shall apply all moneys received by it in the following order:</p> <p>(a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument;</p> <p>(b) secondly, in payment of any amounts owing to the Principal Agent for reimbursement in respect of any payment made to the Instrumentholders or to a Clearing Agent on behalf of such holders;</p> <p>(c) thirdly, <i>pro rata</i> in payment of any amounts owing to the Instrumentholders;</p> <p>(d) fourthly, <i>pro rata</i> in payment of any amounts owing to the Hedging Counterparty under the Hedging Agreement (which shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral); and</p> <p>(e) fifthly, in payment of the balance to the Issuer,</p> <p>such ranking an “<b>Instrumentholder Priority Basis</b>”]</p> <p><b>Negative Pledge/Restrictions</b></p> <p>There is no negative pledge. However, for so long as any of the Instruments remain outstanding, the Issuer will not, without the prior written consent of the Trustee, incur any indebtedness for moneys borrowed or raised other than in respect of secured securities or debt subject to equivalent enforcement and limited recourse provisions to the Instruments, engage in any activity other than certain activities related to the Instruments or such permitted securities or debt, have any subsidiaries or employees, purchase, own or otherwise acquire any real property, or consolidate or merge with any other person or issue any shares.</p>
C.9	Interest/ Redemption	<p>See item C.8 above for information on rights attaching to the Instruments.</p> <p><b>Interest</b></p> <p>The Instruments [are zero coupon Instruments] [bear interest at a fixed rate from the [Issue Date] [Primary Market End Date]] [bear interest at a floating rate from the [Issue Date] [Primary Market End Date]] [bear interest at a [fixed rate][floating rate] from the [Issue Date] [Primary Market End Date] to the [first] Interest Rate Switch Date and shall thereafter until [the Scheduled Maturity Date][●] bear interest at a [fixed</p>

rate][floating rate] each] at the applicable Interest Rate, such interest being payable in arrear on each specified Interest Payment Date.

*Interest Rate*

**[Insert in the case of a Fixed Rate:** The Interest Rate for the Instruments [from the [Issue Date] [Primary Market End Date] to the [first]] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] is [●] per cent. per annum [and]] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] is [●] per cent. per annum]. Yield is calculated in accordance with the ICMA Method. The ICMA Method determines the effective interest rate for the securities taking into account accrued interest on a daily basis.]

**[Insert in the case of Floating Rate, “Screen Rate Determination”:** The Interest Rate for each Interest Period [from the [Issue Date] [Primary Market End Date] to the [first[ [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] shall be determined by reference to [3-month] [6-month] [12-month] [EURIBOR] [GBP-][EUR-][USD-][CHF-][LIBOR] appearing on [●] [and]] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] shall be determined by reference to [3-month] [6-month] [12-month] [EURIBOR] [GBP-][EUR-][USD-][CHF-][LIBOR] appearing on [●]]. If no such rate appears on the applicable page at the relevant time on the Interest Determination Date, the rate shall be determined by the Calculation Agent using certain fallback methods. In respect of any short or long Interest Period as specified in the applicable Final Terms, the Calculation Agent will determine the Interest Rate [using Linear Interpolation][using the applicable Relevant Rate on the Interest Determination Date]. For the avoidance of doubt the Interest Rate may be a sum of or combination of more than one Relevant Rate (plus any applicable Margin) if so specified in the relevant Final Terms.

[[“[CHF][EUR][GBP][USD]-LIBOR” means the rate for deposits in [CHF][EUR][GBP][USD] which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).]

[[“EURIBOR” means the rate for deposits in EUR which appears on the Reuters Screen EURIBOR01 Page (or any Successor Source).]

**[Insert if the Interest Determination Dates are after the start of each Interest Period:** The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date.]

**[Insert if Floating Rate, “CMS Rates Determination” shall apply:** The Interest Rate for each Interest Period [from the [Issue Date] [Primary Market End Date] to the [first] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] shall be determined by reference to the [1 year] [2 year] [5 year] [10 year] [30 year] [EUR] [USD] CMS rate on [●] [and]] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] shall be determined by reference to the [1 year] [2 year] [5 year] [10 year] [30 year] [EUR] [USD] CMS rate on [●]]. If no such rate appears on the applicable page at the relevant time on the Interest Determination Date, the rate shall be determined by the Calculation Agent using certain

	<p>fallback methods. In respect of any short or long Interest Period as specified in the applicable Final Terms, the Calculation Agent will determine the Interest Rate [using Linear Interpolation][using the applicable Relevant Rate on the Interest Determination Date]. For the avoidance of doubt the Interest Rate may be a sum of or combination of more than one Relevant Rate (plus any applicable Margin) if so specified in the relevant Final Terms.</p> <p>[“<b>EUR-CMS</b>” means the annual swap rate for euro swap transactions, expressed as a percentage, which appears on the Reuters Screen ISDAFIX2 Page (or any Successor Source) under the heading EURIBOR BASIS - EUR” and above the caption “11:00 AM FRANKFURT”.]</p> <p>[“<b>USD-CMS</b>” means the annual swap rate for USD swap transactions, expressed as a percentage, which appears on the Reuters Screen ISDAFIX1 Page (or any Successor Source) under the heading “USD 11:00 AM” and above the caption “&lt;USDSFIX=&gt;”]</p> <p><b><i>[Insert if the Interest Determination Dates are after the start of each Interest Period:</i></b> The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date.]</p> <p><b><i>[Insert if Floating Rate, “Structured Floating Rate (Range Accrual)” shall apply:</i></b> The Interest Rate for each Interest Period [from the [Issue Date] [Primary Market End Date] to the [first] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●]] will be determined by the Calculation Agent as the sum of:</p> <p style="padding-left: 40px;">Specified Rate x (N/D)</p> <p>“<b>D</b>” means the actual number of Business Days in the relevant Interest Period;</p> <p>“<b>N</b>” means the number of Business Days in the relevant Interest Period on which the Relevant Rate (as determined in accordance with the Screen Rate Determination calculations, but instead calculated on each Business Day) is greater than or equal to the Minimum Range Percentage and less than or equal to the Maximum Range Percentage;</p> <p>“Maximum Range Percentage” means [●];</p> <p>“Minimum Range Percentage” means [●]; and</p> <p>“<b>Specified Rate</b>” will be [●].</p> <p>The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date].]</p> <p><b><i>[Insert if “Structured Floating Rate (Leverage Factor)” is applicable:</i></b> <i>Leverage Factor</i></p> <p>The Interest Rate [from the [Issue Date] [Primary Market End Date] to the [first] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] will also be</p>
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	<p>subject to a Leverage Factor of [●] [and]] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] will also be subject to a Leverage Factor of [●].]</p> <p><b><i>[Insert if “Structured Floating Rate (SD1 – SD2)” is applicable:</i></b></p> <p>[The Interest Rate will be [the Margin of [●] [plus][minus]] the Relevant Rate which shall be (i) [insert Benchmark Rate] for a Representative Amount of the Specified Currency for a Specified Duration equal to [insert first Specified Duration], minus (ii) [insert Benchmark Rate] for a Representative Amount of the Specified Currency for a Specified Duration equal to [insert second Specified Duration].]</p> <p><b><i>[Insert if the Interest Determination Dates are after the start of each Interest Period:</i></b> The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date].]</p> <p><b><i>[Insert if “Structured Floating Rate (Aggregate Benchmark Rate)” is applicable:</i></b></p> <p>[The Interest Rate will be [the Margin of [●] [plus][minus]] the [sum of][difference between] [EURIBOR] [CHF-LIBOR] [EUR-LIBOR] [GBP-LIBOR] [USD-LIBOR] [EUR-CMS] [USD-CMS] and [EURIBOR] [CHF-LIBOR] [EUR-LIBOR] [GBP-LIBOR] [USD-LIBOR] [EUR-CMS] [USD-CMS]].]</p> <p><b><i>[Insert if the Interest Determination Dates are after the start of each Interest Period:</i></b> [The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date].]</p> <p><b><i>[Insert if “Structured Floating Rate (Inflation Index Linked Rate)” is applicable:</i></b></p> <p>[The Interest Rate for the Instruments for each Interest Period other than the Early Termination Interest Period shall be equal to the Inflation Rate in respect of such Interest Period [plus the Margin of [●]].]</p> <p>The Inflation Rate in respect of an Interest Period shall be equal to (a) the Second Index Level divided by the First Index Level minus (b) 1, subject to a minimum of 0.</p> <p>The Interest Rate for the Early Termination Interest Period will be [zero][determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Second Index Level that would have been published on or around the next Interest Determination Date].</p> <p>“<b>First Index Level</b>” means, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for [the month falling [●] months prior to the month in which such Interest Period ends] [insert other time period for Index reporting as applicable] as determined by the Calculation Agent, without regard to any subsequently published correction</p> <p>“<b>Second Index Level</b>” means, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for [the month falling [●] months prior to the month in which such Interest Period ends] [insert other time period</p>
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	<p>for Index reporting as applicable] as determined by the Calculation Agent, without regard to any subsequently published correction</p> <p>“<b>Index</b>” means [BLG – Non-revised Consumer Price Index—Health Index (CPI)] [EUR – Excluding Tobacco-Non-revised Consumer Price Index] [BLG – Non-revised Harmonised Consumer Price Index (HICP)] [ESP – National-Revised Consumer Price Index (CPI)] [FRC – Excluding Tobacco-Non-Revised Consumer Price Index] [GBP – Non-revised Retail Price Index (UKRPI)] [USA – Non-revised Consumer Price Index – Urban (CPI-U)] [ITL – Inflation for Blue Collar Workers and Employees—Excluding Tobacco Consumer Price Index] [SEK – Non-revised Consumer Price Index (CPI)]</p> <p>The Index Adjustment Provisions shall apply to the Instruments in the event that there is a delay in publication of the Index, the Index ceases to be published or announced, the Index is rebased, there is a material modification in the Index or a manifest error in the published level of the Index. These provisions allow, amongst other things, for the Calculation Agent to determine a substitute Index level, designate an appropriate alternative Index and make adjustments to the Index and/or the terms of the Securities. If the Calculation Agent determines that there is no appropriate alternative index [the Instruments will be cancelled early] [the inflation rate for the relevant period will be deemed to be zero.]</p> <p><b><i>[Insert if Maximum Interest Rate and/or Minimum Interest Rate is applicable:</i></b></p> <p>The Interest Rate [from the [Issue Date] [Primary Market End Date] to the [first] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] will also be subject to a [[Maximum][Minimum] Interest Rate of [●]] [and] a [[Maximum][Minimum] Interest Rate of [●]] [and] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] will also be subject to a [[Maximum][Minimum] Interest Rate of [●]] [and] a [[Maximum][Minimum] Interest Rate of [●]].]</p> <p><b><i>[Insert if Postponed Maturity Date is applicable:</i></b></p> <p>During the Pass-through Period, interest will be paid in respect of each Instrument in an amount equal to such Instrument’s pro rata share of any amount of interest received by the Issuer in respect of the Affected Collateral from time to time during such Pass-through Period.]</p> <p><i>Day Count Fraction</i></p> <p>The applicable Day Count Fraction for the calculation of the amount of interest due within an Interest Period will be [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual (ICMA)] for the Series of Instruments.</p> <p><i>Interest Periods</i></p> <p>The Interest Periods are the periods commencing on (and including) [the Issue Date] [the Primary Market End Date which is [●]] to (but excluding) the first Interest Accrual Date and each period commencing on (and including) an Interest Accrual Date to (but excluding) the next following Interest Accrual Date.</p>
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	<p><i>Issue Date and Interest Payment Dates</i></p> <p>The Issue Date and the Interest Payment Dates for each Series of Instruments will be [●].</p> <p><i>Interest Determination Date</i></p> <p>[The Interest Determination Date with respect to an Interest Period will be [the first day of each Interest Period] [the second day on which TARGET2 is open prior to the first day of each Interest Period] [the day falling two Banking Days prior to the first day of each Interest Period] [the last day of each Interest Period] [●]]</p> <p><i>Interest Accrual Dates</i></p> <p>The Interest Accrual Dates for each Series of Instruments will be [●].</p> <p><b><i>[Insert if “Interest Rate Switch” is applicable:</i></b></p> <p><i>Interest Rate Switch Date[s]</i></p> <p>The Interest Rate Switch Date[s] for each Series of Instruments will be [●].]</p> <p><b><i>[Insert if “Interest Component Adjustment” is applicable:</i></b></p> <p>The Calculation Agent in its reasonable discretion may determine an adjustment to the [Interest Rate][, the Margin][, the Minimum Interest Rate][, the Maximum Interest Rate] [and/or] [the Leverage Factor] in accordance with its normal pricing methodology on each specified Interest Component Adjustment Date. In such circumstances, the Calculation Agent shall determine any adjustment to the relevant component by reference to such prevailing market conditions as it determines appropriate on the relevant Interest Component Adjustment Date which may, in particular, include the value and volatility of the Collateral, credit spreads on the issuer of the Collateral and the level of interest rates and interest rate swap rates, all as at the relevant Interest Component Adjustment Date.</p> <p><b><i>“Interest Component Adjustment Date[s]”</i></b> means [●] or, if such day is not a Business Day, the next following Business Day.</p> <p>The Calculation Agent has determined that each component of the Interest Rate would have been as described above had it been determined based on the market conditions and other factors as described above on [●]. However there can be no assurance as to the market conditions prevailing on the applicable Interest Component Adjustment Date and consequently as to the actual level of the Interest Rate.]</p> <p><b>Redemption</b></p> <p><i>Maturity</i></p> <p>Unless previously redeemed or purchased and cancelled, each Instrument will be redeemed by the Issuer by payment of the Final Redemption Amount on the [Scheduled] Maturity Date which is [●][, provided that, in the event that any Collateral becomes Affected Collateral and pursuant to the terms and conditions of such Collateral, the scheduled maturity date of such Collateral is postponed to the Postponed</p>
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Collateral Maturity Date, the Maturity Date of either (a) all the Instruments (where there is a single item of Collateral) or (b) the principal amount of the Instruments corresponding to the proportion of Collateral with a Postponed Collateral Maturity Date shall be postponed to the Postponed Maturity Date, which will be the earlier of the date that falls three Business Days following either (a) the Postponed Collateral Maturity Date or (b) any date falling after the Scheduled Maturity Date and prior to the Postponed Collateral Maturity Date on which the Collateral is redeemed in full].

*Early Termination of the Instruments*

The Instruments may be cancelled early in a number of circumstances:

(A) Collateral Default Event: If a default, event of default or other similar event or circumstance occurs with respect to any of the Collateral (howsoever described and including, without limitation, a failure to pay any principal or interest when and where due in accordance with the terms of the Collateral as at the Issue Date and further provided that if any of the Collateral comprises asset-backed securities then any deferral of interest or other payment thereunder in accordance with its terms shall not constitute a “default”) (a “**Collateral Default Event**”), the Instruments shall be cancelled in whole or in part and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].

(B) Collateral early redemption: If any of the Collateral becomes repayable (otherwise than at the option of the relevant Collateral Obligor in accordance with the terms of the Collateral) or becomes capable of being declared due and payable prior to its stated date of maturity for whatever reason, the Instruments shall be cancelled in whole or in part and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].

(C) Cancellation for tax reasons: If the Issuer would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, and the Issuer has been unable to arrange substitution or change of itself as Issuer, or is unable to do so in a tax efficient manner, before the next payment is due in respect of the Instruments, the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].

[(D) Cancellation due to the occurrence of a Collateral Put/Call Redemption Event: If any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with the terms of such Collateral the Instruments shall be cancelled in whole or in part and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount] (a “**Collateral Put/Call Redemption Event**”).]

[(E) Termination of the Credit Support Document: If the Credit Support Document (if any) is terminated prior to the Maturity Date for any reason, the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].]

[(F) Early Termination of the Hedging Agreement: If the Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement Termination Date, the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].

[(G) Index Cessation: If the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index and the Calculation Agent determines that there is no appropriate alternative Index.]

In any such case of early cancellation described in (A), (B)[,][or] (C)[, (D), (E), (F) or (G)] above the Issuer shall give not more than 30 nor less than 15 days' notice of the date fixed for cancellation and on expiry of such notice (i) the Issuer shall cancel the outstanding Instruments of the Series in whole or in part, as applicable, (ii) the relevant portion of the Series Assets will be realised in accordance with the Securitisation Act 2004, if applicable, and (iii) the security constituted by or created pursuant to the Series Instrument shall become enforceable in whole or in part.

[(G)][(H)] Event of Default: If an Event of Default occurs (as described in C.8 above) then the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount in respect of each Instrument.

*Early Termination Amount*

The Early Termination Amount (if any) due in respect of each Instrument following the occurrence of an Event of Default, [an early termination of the Hedging Agreement,][ a termination of the Credit Support Document,] a cancellation for tax reasons, a Collateral Default Event, a Collateral early redemption [or a Collateral Put/Call Redemption Event] [or the cessation of the Index] shall be an amount equal to such Instrument's *pro rata* share of an amount in the Specified Currency (which may never be less than zero) determined by the Calculation Agent in accordance with the following formula:

$$(A - B)$$

Where:

“A” is the Market Value Collateral, converted into the Specified Currency (if applicable) at the relevant exchange rate applicable at such time, as determined by the

	<p>Calculation Agent in its reasonable discretion; and</p> <p>“<b>B</b>” is the Early Termination Unwind Costs.</p> <p>[The Early Termination Unwind Costs shall include amounts payable in respect of the Option Premium.]</p> <p>[The Early Termination Amount will include an amount equal to any accrued but unpaid interest.] [The Early Termination Amount will not include an amount equal to any accrued but unpaid interest and such amount shall be paid separately.]</p> <p>“<b>Collateral Currency</b>” means the currency in which the Collateral is denominated.</p> <p>“<b>Early Termination Unwind Costs</b>” means [the sum (the result of which may be positive, negative or zero) of:</p> <p>(a) an amount, if any, determined by the Calculation Agent equal to (i) the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Hedging Counterparty (expressed as a positive amount) or (ii) the gain realised by the Hedging Counterparty (expressed as a negative amount), in either case in connection with the cancellation of the Instrument and the related termination, settlement or re-establishment of any hedge or related trading position; and (without duplication); and]</p> <p>(b) (expressed as a positive amount) any legal and other ancillary costs (including if applicable, without limitation, any costs in relation to the realisation of the Collateral) incurred by the Issuer[,][or] the Trustee, the Custodian or the Hedging Counterparty as a result of the Instruments becoming subject to mandatory cancellation.</p> <p>“<b>Early Termination Valuation Date</b>” means:</p> <p>(a) for the purposes of a cancellation due to a Collateral Default Event, a Collateral early termination[,][or] a cancellation for tax reasons[, a Collateral Put/Call Redemption Event, a termination of the Credit Support Document or an early termination of the Hedging Agreement] [or the cessation of the Index], the Business Day immediately preceding the due date for cancellation; or</p> <p>(b) for the purposes of a cancellation due to the occurrence of an Event of Default, the due date for cancellation.</p> <p>“<b>Market Value Collateral</b>” means, in respect of each item of Collateral, (i) where the Collateral has not been redeemed, an amount in the relevant Collateral Currency calculated by the Calculation Agent equal to the highest firm bid quotation obtained by the Calculation Agent from the Reference Banks for the Collateral (excluding accrued but unpaid interest in respect thereof) on the relevant Early Termination Valuation Date provided that if no firm bid quotation is obtained, the Market Value Collateral shall be calculated by the Calculation Agent in good faith and may in certain circumstances be zero, or (ii) in circumstances where the Collateral has been redeemed, the proceeds of redemption of the Collateral.</p> <p><i>Optional Early Redemption of Instruments</i></p> <p><b>[Insert if “Issuer Call Option” is applicable:</b></p>
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		<p>The Issuer may, on giving notice [on a date within the Optional Redemption Period] [at least 5 Business Days prior to an Optional Redemption Date], cancel all of the Instruments and the Issuer shall pay the Optional Redemption Amount together with interest accrued to the date fixed for cancellation in respect of each Instrument.</p> <p><i>Optional Redemption Amount</i></p> <p>The Optional Redemption Amount due in respect of each Instrument pursuant to the exercise of the Issuer Call Option shall be [[●] per cent. per Calculation Amount per Instrument.][the Optional Redemption Amount per Instrument corresponding to the applicable Optional Redemption Date on which the Issuer Call Option is exercised as set out below:</p> <table border="1" data-bbox="470 616 1428 784"> <thead> <tr> <th data-bbox="470 616 817 672">Optional Redemption Date</th> <th data-bbox="817 616 1428 672">Optional Redemption Amount per Instrument</th> </tr> </thead> <tbody> <tr> <td data-bbox="470 672 817 728">[●]</td> <td data-bbox="817 672 1428 728">[●]</td> </tr> <tr> <td data-bbox="470 728 817 784">[●]</td> <td data-bbox="817 728 1428 784">[●]</td> </tr> </tbody> </table> <p><b>Payments in respect of Global Instruments</b></p> <p>All payments in respect of Instruments represented by a Global Instrument will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Instruments, surrender of that Global Instrument to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Instrumentholders for such purpose. A record of each payment so made will be endorsed on each Global Instrument, which endorsement will be prima facie evidence that such payment has been made in respect of the Instruments.</p> <p><b>Payments in respect of Instruments in definitive form</b></p> <p>Payments of principal and interest in respect of the Instruments in definitive form shall, be made against presentation and surrender of the relevant Instruments at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in such currency with a bank nominated by such holder presenting such Instrument.</p> <p><b>Meetings</b></p> <p>The Instruments contains provisions for convening meetings of Instrumentholders to consider matters affecting their interests generally with respect to the Instruments. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p>	Optional Redemption Date	Optional Redemption Amount per Instrument	[●]	[●]	[●]	[●]
Optional Redemption Date	Optional Redemption Amount per Instrument							
[●]	[●]							
[●]	[●]							
C.10	Derivative component of securities	[Not applicable. The Instruments do not have a derivative component in the interest payment.][if “ <i>Structured Floating Rate (Inflation Index Linked Rate)</i> ” is applicable: Applicable. The interest payment in respect of the Instruments is linked to the performance of an index.] See item C.9 above for information on interest and redemption.						
C.11	Trading of securities	[Application [has been made][is expected to be made] for the Instruments of the Series to be listed on [the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange] [●][with effect						

		from the Issue Date or thereabouts.] [The Instruments are not listed.]
C.12	Minimum denomination	The minimum denomination of an issue of Instruments is [●].

#### Section D – Risks

Element	Description of Element	Disclosure requirement
D.2	Key risks specific to the Issuer	Factors which could materially adversely affect the Company and its ability to make payments due under the Series of Instruments include matters of Luxembourg law (such as the Company being structured to be insolvency-remote, not insolvency-proof, changes to the Issuer’s tax position adversely affecting cash flows in connection with the Instruments, and the provisions of the Securitisation Act 2004 providing that Series Assets of a Compartment are only available for the Series Parties of the Series relating to that Compartment), the Instruments being limited recourse obligations (meaning that an Instrumentholder’s claim may be extinguished if there is a shortfall in funds available to meet payments under the Instruments) and related risks and further issues of Instruments by the Issuer.
D.3	Key risks specific to the securities	There are also certain factors which are material for the purpose of assessing the risks associated with the Series of Instruments. These include the fact that such Instruments may not be a suitable investment for all investors (for example if they do not have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Issuer in context of their financial position or are not capable of bearing the economic risk of an investment in the Issuer for an indefinite period of time), [any Hedging Agreement (for example its possible early termination in various circumstances which would result in the cancellation of the Instruments) and the related credit exposure to the Hedging Counterparty,] credit exposure to the Collateral Obligor [and the Collateral Guarantor] [and the Collateral Support Provider] (as this will affect the value of the Collateral held as security for the Instruments), [exposure to the performance of the Index,] early cancellation of the Instruments which may lead to a loss of investment, fluctuations and decreases in the market value of the Instruments and the market value of the Collateral which will also affect the value of the Instruments and the amounts paid on any cancellation of the Instruments, [amounts payable by the Issuer to the Hedging Counterparty under the Hedging Agreement will include an Option Premium which will significantly reduce the amounts payable to Instrumentholders under the Instruments,] tax risks (for example that if any withholding or deduction for taxes is required, the Issuer may redeem all the Instruments), that no secondary market may exist for the Instruments meaning that investors may not be able to realise their investment prior to maturity and business relationships between the parties to the Instruments, [the rating will not necessarily be the same as any rating assigned to any Instruments already issued,] conflicts of interest which may adversely affect the value of the Instruments and that although Instruments will have the benefit of security interests over all the Series Assets of the Compartment, the Securitisation Act 2004 provides that the Series Assets for the Series of Instruments are available to meet only the claims of the Series Parties for the Series. If the Series Assets are not sufficient to discharge all payments

		obligations of the Issuer in accordance with the applicable priority of payments, Instrumentholders may lose their entire investment.
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**Section E – Offer**

<b>Element</b>	<b>Description of Element</b>	<b>Disclosure requirement</b>
E.2b	Reasons for the offer and use of proceeds	The net proceeds from each Series of Instruments will be used to acquire the Collateral in respect of the Instruments, [to pay for, or enter into, any Hedging Agreement(s) in connection with such Instruments] and to pay expenses in connection with the administration of the Company or the issue of the Instruments.
E.3	Terms and conditions of the offer	The offer to invest in the Instruments is made from [●] to [●]. The maximum and minimum amount of application is [up to][●] and [●], respectively. Payments by investors in respect of the purchase of the Instruments shall be made by [●]. The results of the offer [will be][are expected to be] published in [●] on [●][and will be filed with the CSSF in accordance with Article 10 of the Prospectus Act 2005 in each case on or around the Issue Date]. The Global Instruments will be delivered to the relevant clearing system no later than on the Issue Date.
E.4	Material interests in the offer	[There are no material interests with respect to the issue and/or offer of Instruments (including any conflicting interests).] [The following constitute material interests with respect to the issue and/or offer of Instruments: [●].]
E.7	Estimated expenses	[Not Applicable - No expenses will be specifically charged to purchasers of Instruments by the Issuer.][A subscription fee of [up to][●] shall be payable by purchasers of Instruments to [●].]

## RISK FACTORS

*There are risks associated with an investment in Instruments. You should ensure that you understand fully the nature of the Instruments, as well as the extent of your exposure to risks associated with an investment in the Instruments and you should consider the suitability of an investment in the Instruments in light of your own particular financial, fiscal and other circumstances.*

*The Company believes that the factors described below represent the principal risks inherent in investing in Instruments issued under the Programme, but a decline in the value of, or the payments due under, the Instruments and/or the inability of the Company to pay amounts on or in connection with any Instruments may occur for other reasons. The Company does not represent that the statements below regarding the risks of holding Instruments are exhaustive. To evaluate the merits and the risks of an investment in the Instruments, you should conduct such independent investigation and analysis as you deem appropriate, on the terms of the Instruments, the Company, the Series Assets, the Collateral, the security arrangements, any Hedging Counterparty, any Hedging Agreement, any Index or other agreement entered into by the Company in respect of the Instruments. You should also consider all other relevant market and economic factors, and your own personal circumstances. You should read the detailed information set out elsewhere in this Base Prospectus and reach your own views prior to making any investment decision. The Company, the Arranger, the Custodian and the Trustee disclaim any responsibility to advise you of the risks and investment considerations associated with the purchase of the Instruments as they may exist at the date of this Base Prospectus or from time to time thereafter. The Instruments are not guaranteed by the Arranger, any Purchaser or any of their respective affiliates and none of the Arranger, any Purchaser and any of their respective affiliates has or will have any obligations in respect of the Instruments. The Instruments will represent secured limited recourse obligations of the Company only. The ranking relating to the relevant Series of Instruments will be one of Hedging Counterparty Priority Basis, Instrumentholder Pari Passu Basis or Instrumentholder Priority Basis.*

### A. Risk Factors relating to the Company

#### 1 Securitisation Act 2004 and Compartments

The Company is established as a *société anonyme* (public liability limited company) within the meaning of the Securitisation Act 2004. This means that claims against the Company by holders of each Series of Instruments will be limited to the net assets of the relevant Series included in the relevant Compartment. Further, under the Securitisation Act 2004, the proceeds of the Series Assets for each Series are available only for distribution to the specified Instrumentholders and other creditors relating to such Series (each such party, a “**Series Party**”). A creditor of the Company may have claims against the Company in respect of more than one Series, in which case the claims in respect of each individual Series will be limited to the Series Assets relating to such Series only. Assets held in different Compartments of the Company are deemed to be assets of separate entities for the purpose of creditors. The Board of the Company may establish one or more compartments (together, the “**Compartments**” and each, a “**Compartment**”). Each Compartment is a separate and distinct part of the Company’s estate (*patrimoines*) which may be distinguished by the nature of acquired risks or assets, the Conditions of the Instruments issued in relation to the Compartment, and the reference currency or other distinguishing characteristics. The specific objects of each Compartment and the Conditions of the Instruments issued in respect of it shall be determined by the Board. Each Instrumentholder issued by the Company shall be deemed to fully adhere to, and be bound by, the Conditions applicable to the relevant Instruments and the Articles.

Subject as may be specified in the Articles and to any particular rights or limitations for the time being attached to any Instruments, including, without limitation, the relevant Conditions and the relevant Final Terms, if the net

assets of a Compartment are liquidated, the proceeds of liquidation shall be applied in the order set out in the Conditions.

The rights of Instrumentholders issued in respect of a Compartment and the rights of creditors are limited to the assets of that Compartment, where these rights relate to that Compartment or have arisen at the occasion of the constitution, the operation or the liquidation of the relevant Compartment. The assets of a Compartment are, in principle, available only to satisfy the rights of holders of Instruments issued in relation to that Compartment and the rights of creditors whose claims have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment.

Fees, expenses and other liabilities incurred on behalf of the Company but which do not relate specifically to any Compartment may, under certain circumstances, be payable out of the assets allocated to Compartments. The Board shall ensure, to the extent possible (although there is no guarantee that the Board will be able to achieve this), that creditors of such liabilities expressly waive recourse to the assets of any Compartment.

The Board shall establish and maintain separate accounting records for each of the Compartments of the Company for the purposes of ascertaining the rights of holders of Instruments issued in respect of each Compartment for the purposes of the Articles and the Conditions, and such accounting records shall be conclusive evidence of such rights in the absence of manifest error.

The assets of each Compartment (the “**Series Assets**”) may include the proceeds of the issue of the Instruments of the relevant Series, the Collateral, any relevant Hedging Agreement, any Hedging Collateral and any proceeds from the relevant Hedging Agreement. The fees, costs and expenses in relation to the Instruments of each Series are allocated to the Compartment relating to the relevant Series in accordance with the relevant Conditions and the Articles. Instrumentholders of a Series will have recourse only to the Series Assets relating to the relevant Series.

## **2 Limited Recourse**

The rights of Instrumentholders of any Series issued in respect of, and allocated to, each Compartment to participate in the assets of the Issuer or the Company is limited to the Series Assets relating to such Series. If the payments received by the Issuer in respect of the Series Assets are not sufficient to make all payments due in respect of the Instruments, the obligations of the Issuer in respect of the Instruments of that Series will be limited to such Series Assets, as specified in the Conditions and the relevant Final Terms. Following application of the proceeds of realisation of the relevant Series Assets in accordance with the relevant Conditions, the claims of the relevant Instrumentholders, any relevant Hedging Counterparties and any other Series Parties for any shortfall shall be extinguished and the relevant Instrumentholders, any relevant Hedging Counterparties and the other Series Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall. Failure to make any payment in respect of any such shortfall shall not constitute an event of default under the relevant Conditions, and any shortfall shall be borne by the Instrumentholders, any Hedging Counterparty and any other Series Party of the relevant Series according to the priorities specified in the Conditions. As Instrumentholder, you will rank behind the Trustee in priority in relation to the receipt of any proceeds of the realisation or enforcement of the Series Assets and you may also rank either behind, or *pari passu* with, any relevant Hedging Counterparties even where, if so specified in the relevant Final Terms, the realisation or enforcement of the Series Assets has arisen as a result of an event of default (as defined in the relevant Hedging Agreement) relating to such Hedging Counterparty. The ranking of the Instrumentholders in relation to the Hedging Counterparty will be specified in the relevant Final Terms.

Instrumentholders should be aware that, in the event of a shortfall, (i) the Company shall be under no obligation to pay, and the other assets (if any) of the Company including, in particular, assets securing other series of Instruments will not be available for payment of, such shortfall, (ii) all claims in respect of such shortfall shall be extinguished

and (iii) the Trustee, the Instrumentholders and any counterparty of the Issuer in respect of such Series of Instruments shall have no further claim against the Issuer or the Company in respect of such unpaid amounts.

To give effect to the provisions of the Securitisation Act 2004 under which the Series Assets of a Compartment are available only for the Series Parties for the relevant Series relating to that Compartment, the Issuer will seek to contract with parties on a “limited recourse” basis such that claims against the Issuer in relation to each Series would be restricted to the Series Assets of the Compartment for the relevant Series. In addition, the Issuer will seek to contract with parties on a “non-petition” basis. Provided such parties have agreed a non-petition clause, no such party will be able to petition or take any other step for the winding-up, the liquidation or the bankruptcy of the Company or any other similar insolvency related proceedings.

However, there is no guarantee that the Issuer will be able to contract on a limited recourse and non-petition basis with respect to all agreements that the Issuer may enter into from time to time in relation to any particular Series. There may be creditors whose claims are preferred by law.

The Series Assets relating to one or more Compartments may be subject to claims by creditors other than the relevant Series Parties for the relevant Series, resulting in a shortfall in the amounts available to meet the claims of the relevant Series Parties.

You may be exposed to competing claims of other creditors of the Company, the claims of which have not arisen in connection with the creation, the operation or the liquidation of a Compartment, if foreign courts which have jurisdiction over assets of the Company allocated to a Compartment do not recognise the segregation of assets and the compartmentalisation, as provided for in the Securitisation Act 2004. The claims of these other creditors may affect the scope of assets which are available for your claims as Instrumentholder and those of the Series Parties. If, as a result of such claims, a shortfall arises, such shortfall will be borne by the Instrumentholders and the Series Parties.

The Issuer will seek to contract with all creditors (including the Instrumentholders) that they agree not to initiate proceedings against the Issuers which are based on article 98 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended.

### **3 Allocation of Liabilities Among All Instrumentholders**

Any liability which is not a Series-specific liability (that is, it does not relate to any Compartment in respect of which any Series of Instruments is issued) which is not otherwise funded may be apportioned between the Series. The apportionment of such liability will reduce the return that would otherwise have been payable on such Instruments. The Issuer will seek to contract with all counterparties on a limited recourse basis such that claims in respect of any liability which is not Series-specific may not be made in respect of the Series Assets of any Compartment.

### **4 Consequences of Winding-up Proceedings**

The Company is structured to be an insolvency-remote vehicle. The Company will seek to contract only with parties who agree not to make any application for the commencement of winding-up, liquidation or bankruptcy or similar proceedings against the Company. Legal proceedings initiated against the Company in breach of these provisions shall, in principle, be declared inadmissible by a Luxembourg court. However, if the Company fails for any reason to meet its obligations or liabilities, a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Company is entitled to make an application for the commencement of insolvency proceedings against the Company. In that case, such creditor should not have recourse to the assets of any Compartment but would have to exercise his rights over the general assets of the Company, unless his rights arise in connection with the “creation, operation or liquidation” of a Compartment, in which case the creditor would have recourse to the assets allocated to that Compartment but not to the assets of any

other Compartment. Furthermore, the commencement of such proceedings may, in certain conditions, entitle creditors (including Hedging Counterparties) to terminate contracts with the Company and claim damages for any loss suffered as a result of such early termination. The Company is insolvency-remote, not insolvency-proof.

## **5 Fees and Expenses**

Holders of Instruments should note that, in relation to a Series of Instruments, fees and expenses (including fees payable to the Arranger, the Trustee and/or, unless otherwise stipulated, any Hedging Counterparty) as set out in the applicable Final Terms, may rank senior to payments of principal and interest on the Instruments.

## **B. Risk Factors relating to the Instruments**

### **1 General**

**INSTRUMENTHOLDERS SHOULD BE FULLY AWARE OF THE GENERAL CONDITIONS (INCLUDING, FOR THE AVOIDANCE OF DOUBT, THE PROVISIONS ON LIMITED RECOURSE, SUBORDINATION AND NON-PETITION AND GENERAL CONDITIONS 7, 11, 12 AND 13) AND THE RELEVANT FINAL TERMS RELATING TO THE INSTRUMENTS.**

The discussion below is of a general nature and is intended to describe various risk factors associated with an investment in any Instruments issued under the Programme. What factors will be relevant to the Instruments will depend upon a number of inter-related matters including, but not limited to, the nature of the Instruments, the Series Assets and, if applicable, the Collateral and any Hedging Agreement.

Any payment by the Issuer in respect of the Instruments is dependent upon the receipt by the Issuer of payments from the Collateral and any Hedging Agreement entered into or acquired by the Issuer with the proceeds of issue of the relevant Series of Instruments as described in the relevant Final Terms. Such payments may be restricted under their terms with the result that any return on the Instruments will be similarly restricted.

### **2 Introduction**

The rights of Instrumentholders of any Series issued in respect of, and allocated to, each Compartment to participate in the assets of the Issuer or the Company is limited to the Series Assets relating to such Series. If the payments received by the Issuer in respect of the Series Assets are not sufficient to make all payments due in respect of the Instruments, the obligations of the Issuer in respect of the Instruments of that Series will be limited to such Series Assets, as specified in the Conditions and the relevant Final Terms. Following application of the proceeds of realisation of the relevant Series Assets in accordance with the relevant Conditions, the claims of the relevant Instrumentholders, any relevant Hedging Counterparties and any other Series Parties for any shortfall shall be extinguished and the relevant Instrumentholders, any relevant Hedging Counterparties and the other Series Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall. Failure to make any payment in respect of any such shortfall shall not constitute an event of default under the relevant Conditions, and any shortfall shall be borne by the Instrumentholders, any Hedging Counterparty and any other Series Party of the relevant Series according to the priorities specified in the Conditions. Instrumentholder, will rank behind the Trustee in priority in relation to the receipt of any proceeds of the realisation or enforcement of the Series Assets and may also rank either behind, or pari passu with, any relevant Hedging Counterparties even where, if so specified in the relevant Final Terms, the realisation or enforcement of the Series Assets has arisen as a result of an event of default (as defined in the relevant Hedging Agreement) relating to such Hedging Counterparty. The ranking of the Instrumentholders in relation to the Hedging Counterparty will be specified in the relevant Final Terms.

**YOU SHOULD RECOGNISE THAT INSTRUMENTHOLDERS BEAR A RISK OF A DEFAULT OF THE COLLATERAL AS WELL AS ANY DECLINE IN VALUE OF THE COLLATERAL. IF THE VALUE OF**

**ANY COLLATERAL HAS DECLINED SINCE THE DATE OF PURCHASE, THE INSTRUMENTS MAY DECLINE IN VALUE AND YOU SHOULD BE PREPARED TO SUSTAIN A TOTAL LOSS OF YOUR INVESTMENT IN THE INSTRUMENTS.**

More than one risk factor may have simultaneous effect with regard to the Instruments such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Instruments.

**3 Market Factors**

**Exchange Rates**

An investment in the Instruments may involve exchange rate risks. For example:

(i) the Instruments may be denominated in a currency other than the currency of the Collateral. In such circumstances the Calculation Agent will be responsible for determining the exchange rate applicable when calculating the correct amount of Collateral corresponding to the Instruments on the Issue Date and any Early Termination Amount payable on an early termination of the Instruments pursuant to General Condition 7.3.2;

(ii) the Instruments may be denominated in a currency other than the currency of your home jurisdiction; and/or

(iii) the Instruments may be denominated in a currency other than the currency in which you wish to receive funds.

Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Instruments.

**Interest Rates**

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Instruments. Fluctuations in interest rates of the currency in which the Instruments are denominated may affect the value of the Instruments.

In the case of floating rate Instruments linked to EURIBOR, LIBOR or CMS, investors are exposed to such fluctuations. The underlying interest rate could decline over the term of the Instruments. As a result, the market value of the Instruments could decline and investors might only be able to receive a return on the Instruments equal to any Minimum Interest Rate as specified in the Final Terms. It cannot be predicted whether, in the case of floating rate Instruments, the underlying interest rate, on any relevant Interest Determination Date, will be higher than any Minimum Interest Rate. Investors should therefore be prepared to receive an interest return on their Instruments which may be equal to the Minimum Interest Rate for the whole term of the Instruments.

Investors should also be aware that, in situations where the Instruments are redeemed early, the Interest Rate for the applicable Early Termination Interest Period may either be zero or be determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate, or Second Index Level (as applicable) that would have been published on or around the next Interest Determination Date. 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.

If the Interest Rate is specified as a “Structured Floating Rate (Inflation Index Linked Rate)”, then the Index will be an inflation index. Instruments linked to an inflation index pay a return calculated by reference to the value of such inflation index. An investment in Instruments linked to an inflation index will entail significant risks not associated with an investment in a conventional debt security. Investors in such Instruments should be aware that the level of the applicable Index may fail to be published or announced and that the Instruments are subject to adjustment provisions as provided in General Condition 22 which allow, amongst other things, for the Calculation Agent to determine a substitute Index level, designate an appropriate alternative replacement Index and make certain adjustments to the terms of the Instruments. In such circumstances the Interest Rate applicable to the Instruments may be less than previously anticipated and may negatively affect the value of the Instruments. If the Calculation Agent determines that there is no appropriate alternative index and if the relevant Final Terms specify that “Early Redemption on Cessation of Publication” is applicable, the Notes will be cancelled early at the Early Termination Amount or if the relevant Final Terms specify that Early Redemption on Cessation of Publication is not applicable, the Inflation Rate for the relevant Interest Period shall be deemed to be zero. If the relevant Final Terms specify that “Early Redemption on Cessation of Publication” is not applicable and the Calculation Agent is unable to determine an appropriate alternative inflation index for a prolonged period, investors should be aware that the Inflation Rate may be deemed to be zero for successive Interest Periods. As a result, investors may not receive a return on the Instruments for the duration of this period, which could be until the Maturity Date of the Instruments.

In the case of Instruments in respect of which the relevant Final Terms specify that “Interest Component Adjustment” is Applicable, the Calculation Agent in its reasonable discretion may determine an adjustment to any one or more of the initial Interest Rate, the Margin, any applicable Minimum Interest Rate, any applicable Maximum Interest Rate or the Leverage Factor, as specified in the applicable Final Terms, in accordance with its normal pricing methodology on each specified Interest Component Adjustment Date. In such circumstances, the Calculation Agent shall determine any adjustment to such component(s) by reference to such prevailing market conditions as it determines appropriate on the relevant Interest Component Adjustment Date which may, in particular, include the value and volatility of the Collateral, credit spreads on the issuer of the Collateral and the level of interest rates and interest rate swap rates, all as of the relevant Interest Component Adjustment Date. There are a number of market conditions and factors that may affect the determination of the Interest Rate, including the value and volatility of the Collateral on the applicable Interest Component Adjustment Date. None of the Issuer, the Arranger and the Calculation Agent gives any assurance as to the market conditions prevailing on the applicable Interest Component Adjustment Date and consequently as to what the level of the Interest Rate will be. Following adjustment of any component of and/or of the Interest Rate, the Issuer shall cause a notice of the Interest Rate to be published on the website of the relevant Purchaser and, in relation to Instruments that are listed on the Luxembourg Stock Exchange, published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), in each case no later than the first Business Day following the applicable Interest Component Adjustment Date.

In the case of a Structured Floating Rate (Inflation Index Linked Rate), the Interest Rate used to calculate the Interest Amount payable in respect of the Instruments is linked to the level of the relevant Index and accordingly the return on the Instruments is also dependent on the performance of the relevant Index. The historical performance of the relevant Index is not an indication of future performance.

Potential investors should also consider that where the underlying interest rate does not rise above the level of the Minimum Interest Rate, comparable investments in notes which pay interest based on a fixed rate

which is higher than the Minimum Interest Rate are likely to be more attractive to potential investors than an investment in the Instruments. Under those conditions, investors in the Instruments might find it difficult to sell their Instruments on the secondary market (if any) or might only be able to realise the Instruments at a price which may be substantially lower than the nominal amount.

To the extent a Maximum Interest Rate applies, investors should be aware that the Interest Rate is capped at such Maximum Interest Rate level. Consequently, investors may not participate in any increase of market interest rates which may also negatively affect the market value of the Instruments.

In the case of a Structured Floating Rate (Range Accrual), investors should carefully consider the Minimum Range Percentage and the Maximum Range Percentage as the Interest Amount depends on the Relevant Rate falling within such ranges. Investors may negatively be affected by fluctuations of the Relevant Rate above the Maximum Range Percentage and below the Minimum Range Percentage.

In cases where a Leverage Factor applies in respect of the determination of the Interest Rate, any fluctuation of the underlying floating rate will be amplified by the leverage factor. This may adversely affect the return on the Instruments.

In the case of a Structured Floating Rate (SD1 – SD2), investors are exposed to the risk that the applicable Benchmark Rate for one Specified Duration converges to the applicable Benchmark Rate for a second Specified Duration. Investors should carefully consider whether they are able to evaluate such risk and whether such risk profile fits their investment objectives when investing in the Instruments.

In the case of a Structured Floating Rate (Aggregate Benchmark Rate), the Interest Rate will comprise two different Benchmark Rates which may not move in the same directions. Hence, investors should take a view in respect of both Benchmark Rates and assess the risk related to each Benchmark Rate and the correlation between the two rates.

Information with respect to the underlying interest rate (including any applicable Index) may be available from publicly available sources, but no representation is made with respect thereto by any Series Party. Further, the historical level of the underlying does not indicate the future level of the underlying interest rate (or any applicable Index, as the case may be).

### **Market Value**

The market value of the Instruments during their term depends primarily on the level and the volatility (if any) of the underlying interest rate (including any applicable Index) and the performance of the Collateral and the Hedging Agreement and, in respect of any Interest Amounts payable, the level of interest rates for instruments of comparable maturities.

The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macroeconomic factors and speculation.

If the performance and/or creditworthiness of the Collateral and/or the Hedging Counterparty changes in such a way as would reduce the likelihood of receiving any Interest Amount or the relevant Redemption Amount and/or there is a market perception that the performance and/or creditworthiness of the Collateral and/or the Hedging Counterparty is likely to change in this way during the remaining life of the Instruments, all other factors being equal, the market value of the Instruments will fall under normal conditions.

Investors should note that the market value of the Instruments can fall below their Specified Denomination.

Other factors which may influence the market value of the Instruments include changes in market expectations regarding the future performance of the underlying interest rate or performance and/or creditworthiness of the Collateral and/or the Hedging Counterparty and/or the Instruments. Volatility will be affected by a wide range of factors, including economic, political and market conditions. Accordingly, investors should note that they could lose part or all of their invested capital if they try to sell the Instruments prior to their maturity.

In the case of a Structured Floating Rate (Inflation Index Linked Rate), the level of the relevant Index may be subject to significant and unforeseeable fluctuations that may not correlate with general changes in interest rates, currencies or other indices. Potential investors should also note that the Instruments are subject to adjustment provisions as provided in General Condition 22 which allow, amongst other things, for the Calculation Agent to determine a substitute Index level, designate a replacement Index and make adjustments to the Index and/or the terms of the Instruments. Such fluctuations and the ability of the Calculation Agent to take such action may affect the value of the Instruments.

If, following the purchase of the Instruments, the market value of the Instruments falls below the purchase price paid for the Instruments, investors should not expect the market value of the Instruments to increase to or above the purchase price paid by the investor during the remainder of the term of the Instruments.

## 4 Collateral and Series Assets

### 4.1 Collateral

**4.1.1 Market price of the Collateral:** You should be aware that as an Instrumentholder you may be exposed to fluctuations in the market price of the Collateral. If the issuer of the Collateral defaults on payment the Issuer will have no other assets with which to meet its obligations to you, and may have to sell the Collateral at its market price at that time. The market price of the Collateral will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the issuer of the Collateral. In the case of a structured interest rate bond as Collateral, the market price of the Collateral may also depend on market interest rates in comparison to the structured interest rate payable under the Collateral. Although the structured interest payment under the Collateral may be exchanged against the interest payment required under the Instruments pursuant to the Hedging Agreement (if any), potential investors should analyse the interest amount payable under the Collateral and any potential negative effect in the case of changes to market interest rates.

**4.1.2 Early redemption for Collateral default:** If any of the relevant Collateral in respect of a Series of Instruments becomes repayable or becomes capable of being declared due and payable prior to its stated date of maturity, or if there is a payment default in respect of any of the relevant Collateral, the Issuer may be required to redeem such Instruments in whole or in part on the basis set out in General Condition 7.3 (*Mandatory cancellation*). You should be aware that no principal protection will apply in such circumstances. The amount payable to Instrumentholders will be calculated in accordance with the Conditions and may be less than the amount invested.

**4.1.3 Credit risk of Hedging Counterparty following redemption of the Collateral:** In certain circumstances some or all of the Collateral in respect of a Series may redeem early at the option of the relevant Collateral Obligor in accordance with its terms. In such circumstances, if “Collateral Put/Call Redemption Event” is specified as “Applicable” in the relevant Final Terms the Issuer shall redeem the Instruments in whole or in part on the basis set out in General Condition 7.3 (*Mandatory Cancellation*). The amount payable to Instrumentholders will be calculated in accordance with the

Conditions and may be less than the amount invested. Instrumentholders should also be aware that if “Collateral Put/Call Redemption Event” is not specified as “Applicable” in the relevant Final Terms, the Issuer shall not redeem the Instruments in such circumstances. In such a scenario the Series Assets of the Instruments shall consist only of other securities forming part of the Collateral (if any) and the Hedging Agreement (if any). Instrumentholders should be aware that in such circumstances there will be an increased exposure to the creditworthiness of the Hedging Counterparty and each other relevant Collateral Obligor (if any), which may adversely affect the ability of the Issuer to make future payments with respect to the Instruments. Instrumentholders should further be aware that, in circumstances where there are no other securities forming part of the Collateral, the remaining amounts to be paid under the Instruments will depend in full upon the performance of the Hedging Counterparty under the Hedging Agreement.

**4.1.4 Collateral in relation to Zero Coupon Instruments:** In relation to zero coupon Instruments, since the Instruments will be issued at a discount and the Issuer will receive issue proceeds which are less than the nominal amount of the Instruments, the nominal amount of the Collateral in respect of such Series may be less than the nominal amount of the Instruments. In such circumstances, the amount payable to Instrumentholders upon redemption may be dependent upon the Issuer receiving the final payment under any Hedging Agreement from the Hedging Counterparty and Instrumentholders should be aware that there will therefore be an increased exposure to the creditworthiness of the Hedging Counterparty. In addition, to the extent that the zero coupon Instruments are redeemed early and the Collateral is realised, the Issuer or, as the case may be, the Selling Agent may not be able to realise the Collateral on the secondary market or may only be able to do so at a lower price than the nominal amount of the Instruments (and, if the nominal amount of the Collateral is less than the nominal amount of the Instruments, this is more likely to occur). In such circumstances, Instrumentholders will receive only a pro rata share per Instrument of the realisation proceeds in respect of the Collateral and the other Series Assets after the payment of all prior ranking claims. Such amounts may be substantially lower than the Final Redemption Amount of the Instruments and may be zero. Instrumentholders may therefore lose the notional amount accreted until such time in respect of the zero coupon Instruments, may receive substantially less than their initial investment in the zero coupon Instruments and may receive nothing. Investors should also be aware that zero-coupon Instruments tend to be more volatile than interest bearing Instruments and secondary market pricing for such Instruments may fluctuate to a greater extent than secondary market pricing for interest bearing Instruments.

**4.1.5 Inflation-Linked Collateral:** In relation to a Series of Instruments where the net proceeds are used to acquire Collateral to comprise the Series Assets which is inflation-linked, since the amount payable on redemption of such Collateral may increase or decrease (depending on the relevant inflation rate) during the life of the Instruments, it is possible that the redemption proceeds of the Collateral could be less than the nominal amount of the Instruments. In such circumstances, the amount payable to Instrumentholders upon redemption may be dependent upon the Issuer receiving the final payment under any Hedging Agreement from the Hedging Counterparty and Instrumentholders should be aware that there will therefore be an increased exposure to the creditworthiness of the Hedging Counterparty.

**4.1.6 Collateral consisting of covered bonds:** The Collateral identified in the relevant Final Terms in relation to a Series of Instruments may consist in whole or in part of covered bonds issued by one or more Collateral Obligors. Covered bonds are debt securities issued by an authorised financial institution. Covered bonds are general obligations of the relevant Collateral Obligor but are structured so as to offer holders preferential recourse upon an insolvency of the relevant Collateral Obligor to a pool of assets, such as mortgage loans, public sector loans, shipping loans or

commercial loans. The precise structure of the credit enhancement and the recourse and priority that holders of covered bonds may have to the relevant pool of assets can vary and will depend, amongst other things, on the terms and conditions of the covered bonds; and any legislation relating to the issue of covered bonds that may have been adopted in the jurisdiction of the relevant Collateral Obligor (which legislation may not have been tested in a court in that jurisdiction). The value of any such credit enhancement to holders of covered bonds, and therefore to Instrumentholders, depends, amongst other things, on the quality of the underlying pool of assets; whether any other parties (such as any hedging counterparty) rank equally to holders of the covered bonds in payment of amounts due to them upon a default by the relevant Collateral Obligor; whether holders of any other covered bonds issued by the same Collateral Obligor also have access to the underlying pool of assets; and the performance of any third parties such as service providers and hedging counterparties appointed in relation to the covered bonds. Investors should be aware that holders of covered bonds are exposed to the credit risk of all relevant Collateral Obligors, to liquidity risk and to interest rate risk. Investors must inform themselves of the terms of any such Collateral and any applicable laws that may affect the rights of holders of such Collateral prior to making an investment in any such Instruments.

- 4.1.7 Collateral benefiting from a Keepwell Agreement or other Alternative Collateral Support Arrangement:** In relation to Collateral that benefits from a Keepwell Agreement or any other Alternative Collateral Support Arrangement, such Collateral will benefit from certain undertakings given by the Collateral Support Provider in relation to such Collateral. However, neither the Keepwell Agreement nor any other Alternative Collateral Support Arrangement can be deemed to be a guarantee by the Collateral Support Provider of the payment obligations of the Collateral Obligor. As such, no direct claim may be made against the Collateral Support Provider in respect of the payment obligations of the Collateral Obligor by any person. Further information on Keepwell Agreements and other Alternative Collateral Support Arrangements relating to the Collateral can be found in the section “General Description of the Programme—General Description of the Collateral”.
- 4.1.8 Exposure to credit risks:** The Instruments will provide exposure, amongst other things, to the credit risk of each of the Issuer, the Hedging Counterparty (if any) and the Collateral, including to the credit risk of the relevant Collateral Obligor, Collateral Guarantor or Collateral Support Provider, if any.
- 4.1.9 Country and Regional Risk of the Collateral:** The price and value of the Collateral, and/or the ability of the issuer of the Collateral to perform its obligations under the Collateral, may be influenced by the political, financial and economic stability of the country and/or region in which the issuer of or obligor in respect of the Collateral is incorporated or has its principal place of business or of the country in the currency of which the Collateral is denominated. The value of securities and other assets issued by entities located in, or governments of, emerging market countries is generally more volatile than the value of similar assets issued by entities in well-developed markets. However, in certain cases the price and value of assets originating from countries not ordinarily considered to be emerging markets countries may behave in a manner similar to those of assets originating from emerging markets countries.
- 4.1.10 Final Redemption and Collateral:** On the Maturity Date of the Instruments (or, in relation to Instruments in respect of which “Collateral Maturity Postponement Adjustment” is specified as being “Applicable” in the relevant Final Terms, on the Scheduled Maturity Date of the Instruments), the aggregate redemption proceeds, or sale proceeds from the Selling Agent, of the Collateral are expected to be sufficient to make to repay the Instruments, or in the case of a final payment under any Hedging Agreement, to make the related payment thereunder. These proceeds will be used to pay

the relevant redemption amount then due in respect of each such Instrument, being the nominal amount of the Instrument.

However, if the Collateral Obligor is not able to redeem the Collateral held by the Issuer, the Issuer will be unable to redeem the Instruments. In particular in relation to Instruments in respect of which “Collateral Maturity Postponement Adjustment” is specified as being “Applicable” in the relevant Final Terms, the scheduled maturity date of the Collateral may be postponed in accordance with the terms of the Collateral. In such circumstances, the Maturity Date of the Instruments will be postponed to the Postponed Maturity Date, any Hedging Agreement will terminate on the Scheduled Maturity Date (subject to the performance of each party of their obligations under the Hedging Agreement on such date) and during the Pass-through Period (the period from and including the Scheduled Maturity Date to and including the Postponed Maturity Date), Instrumentholders will be entitled to receive only amounts equal to the payments of principal and interest (if any) received by the Issuer in respect of the Collateral. Potential investors should note that on and prior to the relevant Scheduled Maturity Date, they are exposed to the credit risk of the relevant Collateral Obligor and that, upon the default by the Collateral Obligor in respect of such Collateral, the Issuer will not be able to redeem the Instruments at their principal amount on the Scheduled Maturity Date and may not be able to pay all interest scheduled to be paid in respect of the Instruments.

In any case where the Collateral Obligor is unable to redeem the Collateral, to the extent that the Issuer or the Selling Agent is not able to sell or realise the Collateral on the secondary market or is able to do so only at a lower price than the nominal amount of the Instruments, Instrumentholders will only receive a pro rata share per Instrument of the realisation proceeds in respect of the Collateral and any other Series Assets after deduction of all prior ranking amounts. Such amounts may be substantially lower than the aggregate redemption amounts due in respect of the Instruments and any outstanding Interest Amount and may be zero.

The amount of proceeds of such sale or realisation of the Collateral may be affected by various factors, including the liquidity of the Collateral. Where any of the Collateral is accelerated on default or any Hedging Agreement is terminated in full prior to the Maturity Date or, as the case may be, the Scheduled Maturity Date, the Instruments will be subject to early redemption. In this case, the Issuer may not receive sufficient proceeds from the realisation of the Collateral and any other Series Assets to repay the nominal amount of the Instruments and any outstanding Interest Amounts. Potential investors should be prepared that the early termination amount payable in the event of a redemption of the Instruments prior to the Maturity Date or, as the case may be, the Scheduled Maturity Date may be substantially lower than the nominal amount of the Instruments and may be zero.

Covered bonds issued by a Collateral Obligor may be selected as the Collateral in relation to any Series of Instruments. Covered bonds are debt securities of the relevant Collateral Obligor where holders of the relevant covered bonds have some kind of preferential recourse to an identified pool of assets. The precise recourse that holders of covered bonds have to the pool of assets will depend on the terms of the relevant covered bonds as well as any relevant legislation in the jurisdiction of incorporation of the Collateral Obligor. It is usual for the terms of covered bonds to provide that the scheduled maturity date of the covered bonds may be deferred in certain circumstances. In such cases, the relevant Final Terms will provide that “Collateral Maturity Postponement Adjustment” will apply to the relevant Series of Instruments.

- 4.1.11 High Yield Bonds as Collateral:** The Collateral may comprise of high yield bonds. Such bonds are typically issued by companies with non-investment grade credit quality which are often highly indebted. Although high yield bonds benefit from broad financial covenants, guarantees from affiliates and other securities, they are regarded as risky investments due the increased credit risk of

the relevant Collateral Obligor, Collateral Guarantor or Collateral Support Provider (if any) and the volatility of the market price of such type of bonds. **Accordingly, in the case of high yield bonds as Collateral, investors will be subject to an increased and substantial risk that the Issuer will not be able to repay the Instrument at the Final Redemption Amount and/or to make the required interest payments.**

## 4.2 Hedging

### 4.2.1 Credit Risk of Hedging Counterparties

Notwithstanding the Collateral held by the Issuer, the ability of the Issuer to make payments with respect to the Instruments may depend on the performance of a Hedging Counterparty under any Hedging Agreement, which will in turn depend in part on the creditworthiness of the Hedging Counterparty. There may be circumstances in which the redemption or sale proceeds of the Collateral will not be sufficient to repay the Instruments and the Issuer will be reliant on the performance of a Hedging Counterparty under a Hedging Agreement in order to be able to make payments due to Instrumentholders. The insolvency of a Hedging Counterparty, or a default by a Hedging Counterparty under a Hedging Agreement, could adversely affect the ability of the Issuer to make payments with respect to the Instruments.

In order to secure the performance of a Hedging Counterparty's obligations under the Hedging Agreement, as part of that Hedging Agreement, the Hedging Counterparty may enter into a credit support document with the Issuer pursuant to which the Hedging Counterparty may deliver Hedging Collateral from time to time to the Issuer. The Hedging Agreement will provide for the amount of any Hedging Collateral to be adjusted from time to time to reflect the Issuer's exposure to the Hedging Counterparty under the Hedging Agreement. The Issuer may, if "2-Way Hedging Collateral Posting" is specified in the relevant Final Terms, also be required to deliver collateral comprising the Collateral to the Hedging Counterparty in order to collateralise its obligations to the Hedging Counterparty under the Hedging Agreement. The Hedging Collateral would be subject to the security created pursuant to the relevant Series Instrument. To the extent that eligible credit support is due from the Issuer to the Hedging Counterparty in accordance with the Credit Support Document, the security over such eligible credit support comprising the Collateral will be deemed to be released. Any Hedging Collateral and/or eligible credit support comprising the Collateral so delivered would be subject to the right of the Hedging Counterparty and/or the Issuer (as applicable) from time to time to request redelivery of such Hedging Collateral in accordance with the relevant Hedging Agreement and if any Hedging Collateral is redelivered to the Hedging Counterparty it would be released from the security created in favour of the Trustee pursuant to the Series Instrument. Any distributions (including any cash securities, or any other property) received by the Custodian in respect of the Hedging Collateral will be delivered to the Hedging Counterparty and would not be subject to any security created pursuant to the Series Instrument. The amount of the Hedging Collateral posted by the Hedging Counterparty and/or eligible credit support comprising the Collateral posted by the Issuer may be adjusted from time to time pursuant to the terms of such Hedging Agreement. The obligation of the Issuer to deliver eligible credit support comprising the Collateral to the Hedging Counterparty under the Credit Support Document is limited to the amount of Collateral held by the Issuer from time to time.

You should note that the Hedging Collateral provided to the Issuer may not fully cover the Issuer's exposure to the Hedging Counterparty. As a result of the fluctuations in the market to market value of a Hedging Agreement, the amount of any Hedging Collateral held by the Issuer prior to any adjustment may be less than the Issuer's exposure to the Hedging Counterparty

under that Hedging Agreement. In the event of a default by the Hedging Counterparty, there may therefore be a shortfall in the amount of proceeds received by the Issuer from realisation of such Hedging Collateral to pay any outstanding amount to the Instrumentholders.

If a Hedging Agreement and/or any Credit Support Document is terminated early, the Issuer will, in accordance with the terms of General Condition 7.3, cancel all but not some only of the Instruments at their Early Termination Amount.

#### **4.2.2 Information Regarding the Collateral and the Hedging Agreement**

Certain information regarding the Collateral, the Hedging Agreement, the Collateral Obligor(s) and the Hedging Counterparty is contained on pages 125 to 126 and 184 to 222 of this Base Prospectus. Such information has been extracted from publicly available information published by the Collateral Obligor or the Hedging Counterparty, as applicable. The Issuer confirms that such information has been accurately reproduced. No further or other responsibility in respect of such information is accepted by the Issuer. The Issuer has not separately verified such information. Accordingly, other than as stated above, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by the Issuer as to the accuracy or completeness of the information contained on pages 125 to 126 and 184 to 222 of this Base Prospectus. Purchasers of the Instruments should conduct their own investigations and, in deciding whether or not to purchase Instruments, should form their own views on the creditworthiness of the Collateral Obligor and the Hedging Counterparty based on such investigations and not in reliance on any information given in this Base Prospectus.

#### **4.2.3 The Hedging Agreement**

The Hedging Agreement may be terminated early (either in whole or, in certain circumstances, in part only), among other circumstances:

- (i) if at any time the Instruments are cancelled in accordance with the Conditions of the Instruments prior to the Maturity Date;
- (ii) at the option of one party, if there is a failure by the other party to pay any amounts due under the Hedging Agreement;
- (iii) if (subject as provided in the Hedging Agreement) withholding taxes are imposed on payment made by the Issuer or the Hedging Counterparty under the Hedging Agreement or it becomes illegal for either party to perform its obligations under the Hedging Agreement;
- (iv) if (subject as provided in the Hedging Agreement) the implementation or adoption of or change in any applicable law or regulation, or the interpretation or administration of any applicable law or regulation would have the effect that it would be unlawful or becomes unlawful for either party to carry out the Hedging Agreement or any activity contemplated by the Hedging Agreement; and
- (v) upon the occurrence of certain other events with respect to either party and the Hedging Agreement, including insolvency of such party.

If Option Premium is specified as “Applicable” in the relevant Final Terms, on the Maturity Date, under the terms of the Hedging Agreement, the Hedging Counterparty will receive from the Issuer the Collateral (if any) or the proceeds of redemption thereof and, in exchange, will pay to the Issuer the aggregate of the Redemption Amount of the Instruments. The amount of

Collateral so delivered will significantly exceed the Redemption Amount. The difference is the amount payable by the Issuer to the Hedging Counterparty which represents a premium in respect of the option under the Hedging Agreement. Instrumentholders should be aware that amounts payable to the Hedging Counterparty will rank in priority to any claims of the Instrumentholders. Instrumentholders are effectively subordinated to such amounts as may be payable by the Issuer to the Hedging Counterparty.

Prospective investors of the Instruments should note that, if certain provisions of the Wall Street Transparency and Accountability Act of 2010 (the “**Dodd-Frank Act**”) are implemented as described in the Dodd-Frank Act and the corresponding implementing regulations currently proposed by the relevant regulators, it will become illegal for the Hedging Counterparty to perform its obligations under the Hedging Agreement, in which case the Hedging Agreement may be terminated early.

#### **4.2.4 Appointment of Sub-Custodians**

Under the terms of the Agency Agreement, the Custodian may appoint one or more sub-custodians (the “**Sub-Custodian**”) to hold the Collateral and any Hedging Collateral, but such appointment shall not relieve the Custodian of any of its duties under the Agency Agreement. Investors should note that the Sub-Custodian acts as an agent of the Custodian and not as an agent of the Issuer or of any Agent other than the Custodian. Whilst the Custodian shall have the same level of responsibility to the Issuer for any act or omission on the part of the Sub-Custodian, its agent or any other sub-custodian as the Custodian has for itself and the Custodian shall be liable for any damages or loss from any act or omission by any agent/sub-custodian (including the Sub-Custodian) as if all delegated duties and delegated safekeeping duties were carried out by the Custodian itself and the property of the Issuer was held in Luxembourg, the holding of the Collateral and any Hedging Collateral by the Sub-Custodian on behalf of the Custodian would mean that the Issuer may not have any direct claim against the Sub-Custodian in respect of the Collateral and any Hedging Collateral. The Issuer may only have a claim against the Custodian in respect of the Collateral and any Hedging Collateral even though the Collateral and any Hedging Collateral will be held by the Sub-Custodian.

#### **4.2.5 Realisation of Series Assets by Selling Agent**

On an early redemption of the Instruments (whether in the case of a mandatory redemption or following an occurrence of an event of default), the Selling Agent shall on behalf of and as the agent of the Issuer, (i) terminate any Hedging Agreement if the Hedging Agreement has not been terminated, and (ii) realise the Series Assets in accordance with the terms of the Agency Agreement as soon as reasonably practicable at its best execution price less any commissions or expenses charged by the Selling Agent and specified for this purpose in the Series Instrument.

The security created over each of the Series Assets in favour of the Trustee shall be immediately released against receipt in full of the relevant realisation proceeds in respect of the relevant Series Assets by the Trustee (subject to deduction of any commission or expenses by the Selling Agent).

Investors should note that neither the Issuer nor the Trustee shall have any responsibility or liability for the performance by the Selling Agent of its duties under the Conditions of the Instruments or for the price or time at which any of the Series Assets may be sold or otherwise realised. The amount of realisation proceeds received by the Issuer in respect of the Series Assets will depend on the performance by the Selling Agent of its duties. If the Selling Agent

fails to perform its duties, whilst the Trustee may take a number of steps in such event including the realisation of the Series Assets, the Trustee will only act if it is indemnified or secured to its satisfaction. In taking any action the Trustee will not have regard to the effect of such action on individual Instrumentholders. Investors should also note that any realisation proceeds are subject to deduction of commissions and/or expenses by the Selling Agent. As a result the Early Termination Amount payable to Instrumentholders following an early redemption of the Instruments will be reduced.

#### **4.2.6 Acceleration of Instruments by Instrumentholders**

On the occurrence of an Event of Default in respect of the Instruments, the holders of at least one-fifth in Aggregate Nominal Amount of the Instruments then outstanding may request by written notice to the Issuer and the Trustee that all the Instruments shall forthwith become due and repayable at the Early Termination Amount together with any accrued interest. In such a case, all the Instruments will be early redeemed, the security created pursuant to the Series Instrument will become enforceable and the Series Assets will be subject to realisation by the Selling Agent.

Prospective investors should note that neither the Trustee nor other Instrumentholders (regardless of the amount of Instruments they hold) will be able to influence or overrule such request made by holders of one-fifth or more in Aggregate Nominal Amount of the Instruments. If the Instruments become due and repayable prior to the Maturity Date, no further interest will accrue on the Instruments. In addition, the Early Termination Amount payable may be less than the Final Redemption Amount that would be due at maturity of the Instruments. As a result, an Instrumentholder may receive less.

## **5 Security**

The Instruments will have the benefit of English law-governed security interests (and, in certain circumstances, security interests governed by the laws of any other relevant jurisdiction) which are granted to the Trustee (for the benefit of the Series Parties for the relevant Series) over all the Series Assets of the relevant Compartment. (See “Summary”) The Securitisation Act 2004 provides that the Series Assets for each Series of Instruments are available to meet only the claims of the Series Parties for that Series.

## **6 Secondary Market**

Even if the Instruments are listed on the Official List of Luxembourg Stock Exchange or any other stock exchange, it is not possible to predict if and to what extent a secondary market may develop in any Instruments or at what price any Instruments will trade in the secondary market or whether such market will be liquid or illiquid. In relation to each Series of Instruments, if so specified in the relevant Final Terms, application has been made to list or quote such Instruments on the stock exchanges specified. If such Instruments are so listed or quoted, no assurance is given that any such listing or quotation will be maintained. The fact that any Instruments may be so listed or quoted does not necessarily lead to greater liquidity than if they were not so listed or quoted.

If a Series of Instruments is not listed or traded on any exchange, pricing information for such Instruments may be more difficult to obtain and the liquidity of such Instruments may be adversely affected.

The liquidity of such Instruments may also be affected by restrictions on offers and sales of such Instruments in some jurisdictions.

The Arranger may, but is not obliged to, at any time purchase Instruments at any price in the open market or by tender or private agreement. Any Instruments so purchased may be held or resold or surrendered for cancellation. Since the Arranger may be the only market-maker in the Instruments of a Series, the secondary market may be

limited. The more limited the secondary market is, the more difficult it may be for holders of the Instruments to realise value for the Instruments prior to the exercise, expiration or maturity date (as the case may be).

Redemption Amounts will only be payable or deliverable upon the Maturity Date, or the relevant Redemption Date (as applicable), subject to the relevant Conditions, the risk factors mentioned in this Base Prospectus and the Articles. The value of the relevant Series Assets on any other day (or the market price of such Instruments on any day) may not necessarily be reflected in the Redemption Amount of each of the Instruments payable on such Maturity Date or Redemption Date.

## 7 Cancellation of Instruments

The General Conditions and the relevant Final Terms set out provisions in relation to the cancellation of Instruments (whether in whole or in part).

If the Instruments are cancelled following the occurrence of any such event, then the Issuer will pay Instrumentholders the Early Termination Amount which is determined in accordance with General Condition 7.2 (*Early Termination*). You should be aware that no principal protection will apply and the Early Termination Amount may be zero.

## 8 Ratings

### **Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to a Series of Instruments, as specified in the Final Terms for such Instruments (each, a “**Rating Agency**”). Whether or not a rating in relation to any Series of Instruments will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. You should note that where a Series of Instruments is to be rated, such rating will not necessarily be the same as any rating assigned to any Instruments already issued, and that a rating is not a recommendation to buy, sell or hold instruments and may be subject to suspension, reduction or withdrawal at any time by the Relevant Rating Agency.

The ratings agencies’ opinions may not reflect the potential impact of all risks relating to the structural, market and other factors (some of which are discussed above) which may affect the value of the Instruments. Credit ratings are not a guarantee of quality. The credit ratings of the Instruments will represent the rating agencies’ opinions regarding their credit quality. Rating agencies attempt to evaluate the safety of principal and, if applicable, interest payments and do not evaluate the risks of fluctuations in market value. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events (such as a change in the status of the issuer of the Collateral or any Hedging Counterparty), so that, in respect of a Series of Instruments which is rated, the risk profile of the Instruments at any given time may be better or worse than its credit rating indicates. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time as a result of changes in or unavailability of information or if, in the judgement of the Relevant Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any ratings may have an adverse effect on the value of the Instruments.

### **Rating Agency Confirmation in relation to the Instruments in respect of certain actions**

A written confirmation from a Relevant Rating Agency (a “**Rating Agency Confirmation**”) that any action proposed to be taken by the Issuer or any Series Party will not have an adverse effect on the then current rating of any rated Instruments does not, for example, confirm that such action (i) is permitted by the terms of the Instruments or (ii) is in the best interests of, or not prejudicial to, the Instrumentholders. While entitled to have regard to the fact that the Relevant Rating Agencies may have confirmed that the then current rating of the relevant Instruments would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Relevant Rating Agencies to the Instrumentholders, any Series Party or any other person or create any legal

relationship between the Relevant Rating Agencies and the Instrumentholders, any Series Party or any other person whether by way of contract or otherwise.

Any such written Rating Agency Confirmation may or may not be given at the sole discretion of each Relevant Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Relevant Rating Agency cannot provide a written Rating Agency Confirmation in the time available or at all, and the Relevant Rating Agency should not be responsible for the consequences thereof. A written Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Issue Date. A written Rating Agency Confirmation represents only a restatement of the opinions given as at the Issue Date and cannot be construed as advice for the benefit of any parties to the transaction.

Certain rating agencies have indicated that they will no longer provide Rating Agency Confirmations as a matter of policy. In circumstances where a Relevant Rating Agency is not willing to issue a written Rating Agency Confirmation due to its then prevailing policy regarding the issue of written Rating Agency Confirmations, an authorised signatory of the Issuer (or a person authorised on its behalf) may certify in writing to the Trustee that, in its opinion (and where a Relevant Rating Agency was prepared to consult with the Issuer (or a person authorised on its behalf, as applicable) this opinion is based on consultation with that Relevant Rating Agency) such amendment would not cause the ratings of the relevant Instruments to be reduced or withdrawn by the Relevant Rating Agencies. To the extent that no written Rating Agency Confirmation or the certification referred to above can be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the Instruments and specifically the relevant modification and waiver provisions.

## 9 Taxation

Potential purchasers and sellers of the Instruments should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Instruments are transferred. Instrumentholders are subject to the provisions of General Condition 7.6 (*Cancellation for Taxation and other Reasons*) for Instruments and are subject to the provisions of the Articles and payment and/or delivery of any amount due in respect of the Instruments will be conditional upon the payment of any Instrumentholder Expenses as provided for in the relevant Final Terms.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Any change in the Company's or the Issuer's (as appropriate) tax status or in taxation legislation in Luxembourg or any other tax jurisdiction could affect the value of the investments held by the Company or affect the Issuer's ability to achieve its investment objective for the relevant Instruments or alter the post tax returns to Instrumentholders. If, on the occasion of the next payment due in respect of a Series of Instruments, the Issuer would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, the Issuer will, subject to the provisions of General Condition 7.6.1, use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal obligor or to change its residence for taxation purposes or, to the extent permitted by law, change its domicile to another jurisdiction. If the Issuer is unable to arrange such substitution or change, or if the Issuer is unable to carry out such substitution or change in a tax efficient manner before the next payment is due in respect of the relevant Instruments, the Issuer shall, subject to, and in accordance with, the provisions of General Condition 7.6, cancel all of those Instruments. Disclosure in this Base Prospectus concerning the taxation of Instrumentholders resident in Luxembourg, Belgium, Germany, Italy, Austria, Portugal, Spain, Poland and

Switzerland is based upon the current relevant tax law and practice which is, in principle, subject to change (possibly with retrospective effect). Any such change could adversely affect the ability of the Issuer to pay the amounts due on the Instruments on the relevant date for redemption and the net amount of any dividends and/or interest and/or date for redemption amount payable to Instrumentholders.

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

## **10 US Foreign Account Tax Compliance Withholding**

The U.S. "Foreign Account Tax Compliance Act" imposes a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer may be classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act.*"

## **11 U.S. investors in the Instruments are not permitted**

The Instruments may not at any time be offered, sold, pledged or otherwise transferred in the United States or to (a) a U.S. person as defined in Rule 902(k)(1) of Regulation S of the Securities Act (b) a person who comes within any definition of U.S. person for the purposes of the Commodity Exchange Act of 1936, as amended, or any rule, guidance or order proposed or issued by the Commodity Futures Trading Commission (the "CFTC") thereunder (including but not limited to any person who is not a "Non-United States person" under CFTC Rule 4.7(a)(1)(iv) (excluding for purposes of CFTC Rule 4.7(a)(1)(iv)(D) the exception for qualified eligible persons who are not "Non-United States persons")) or (c) a "resident of the United States" for purposes of, and as defined in implementing regulations proposed or issued under, Section 13 of the Bank Holding Company Act of 1956, as amended (any such person or account, a "Non-Permitted Transferee"). Any transfer of Instruments to a Non-Permitted Transferee will be void *ab initio* and of no legal effect whatsoever. Accordingly, any purported transferee of any legal or beneficial ownership interest in an Instrument in such a transaction will not be entitled to any rights as a legal or beneficial owner of such interest in such Instrument.

The Issuer shall have the right at any time after becoming aware that any legal or beneficial ownership interest in an Instrument is held by a Non-Permitted Transferee to require such Non-Permitted Transferee to sell such interest to (a) an Affiliate of the Issuer (to the extent permitted by applicable law) or (b) a person who is not a Non-Permitted Transferee, in each case in accordance with General Condition 7.4.

The foregoing restrictions on the offer, sale, pledge or other transfer of Instruments to a Non-Permitted Transferee may adversely affect the ability of an investor in the Instruments to dispose of the Instruments in the secondary market, if any, and significantly reduce the liquidity of the Instruments. As a result, the value of the Instruments may be materially adversely affected.

## **12 ERISA Considerations**

By its purchase and acceptance of an Instrument, each holder will be deemed to have represented and warranted that either (i) no ERISA Plan (as defined below) assets have been used to purchase such Instrument or (ii) one or more prohibited transaction statutory or administrative exemptions applies such that the use of such plan assets to purchase and hold such Instrument will not constitute a non-exempt prohibited transaction under the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”).

As used herein “**ERISA Plan**” means employee benefit plans subject to Title 1 of ERISA or an individual retirement account or employee benefit plan subject to Section 4975 of the Code or entities which may be deemed to hold the assets of any such plans.

## **13 Further Issues of Instruments by the Issuer**

Further Instruments may be issued in respect of each Series of Instruments, subject to the provisions of General Condition 16.

## **14 Collateral origination**

Where Collateral is to form part of the Series Assets, the originator of such Collateral will be Deutsche Bank AG, London Branch or such other entity as is specified in the relevant Final Terms. Deutsche Bank AG, London Branch is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

## **15 Legality of Purchase**

None of the Company or the Issuer (as appropriate), the Arranger, the Custodian, the Trustee or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of Instruments by a prospective purchaser of the Instruments, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

## **16 Luxembourg law**

The Company is a public limited liability company (*société anonyme*) incorporated under Luxembourg law. Under the Securitisation Act 2004, each Compartment corresponds to a separate and distinct part of the Company’s assets and liabilities. As between Instrumentholders, each Compartment will be deemed to be a separate entity, unless otherwise provided for in the Articles. The rights of holders of Instruments issued in respect of a Compartment and the rights of creditors transacting with the relevant Issuer in respect of a Compartment are limited to the assets of such Compartment, where these rights relate to that Compartment or have arisen upon the constitution, operation or liquidation of the assets of that Compartment. The assets of a Compartment are available exclusively to satisfy the rights of holders of Instruments issued in relation to that Compartment and the rights of creditors whose claims relate to or have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment. Fees, costs, expenses and other liabilities generally incurred on behalf of the Company but which do not relate to any particular Compartment shall, unless otherwise determined by the Board, be general liabilities of the Company and shall not be payable out of the assets of any Compartment. The Board shall ensure, to the extent possible, that creditors in respect of such liabilities waive recourse to the assets of any Compartment.

Pursuant to the Securitisation Act 2004, the conditions of issue of the Instruments are binding on the Issuer and the Instrumentholders and are valid as against third parties in the event of the liquidation of one or more

Compartments, of bankruptcy proceedings in respect of the Company or more generally in determining the competing rights for payment of creditors, except that they are not binding on any creditors of the Issuer who have not expressly agreed to be bound by such conditions.

**THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY INSTRUMENTS. YOU SHOULD ALSO READ CAREFULLY THE INFORMATION SET OUT ELSEWHERE IN THIS BASE PROSPECTUS (INCLUDING ANY DOCUMENTS INCORPORATED BY REFERENCE) AND REACH YOUR OWN VIEWS (TAKING SUCH ADVICE AS YOU THINK NECESSARY AND APPROPRIATE) BEFORE YOU INVEST IN THE INSTRUMENTS.**

## POTENTIAL CONFLICTS OF INTEREST

Each of the Company or the Issuer (as appropriate), the Arranger, the Trustee any Purchaser, any Hedging Counterparty, the Calculation Agent, the Principal Agent, the Paying Agent, the Custodian, any Servicer, and the Listing Agent are or may be affiliates or may be the same entities. Because of these and other relationships, potential conflicts of interest may arise between such parties and the holders of Instruments out of certain of the transactions contemplated herein.

The Arranger, the Trustee, any Purchaser, any Hedging Counterparty and the Agents and their respective affiliates may from time to time act in other capacities with regard to the Instruments. These parties and their respective affiliates may also from time to time engage in transactions involving the underlying interest rate, even where floating rate Instruments have been issued, or the Collateral. Those transactions, if any, may have a positive or negative effect on the value of the underlying interest rate or the Collateral and consequently on the value of the Instruments.

Prior to the Issue Date for a Series of Instruments, the Agents and/or any Hedging Counterparty may, in certain cases, hold the securities which are intended to form all or part of the Collateral for such Series of Instruments. Consequently, such party may have an interest in ensuring that such securities are transferred to the Issuer on the Issue Date to form all or part of the Collateral for such Series of Instruments. The Issue Price of the Instruments includes certain fees, commissions and expenses payable to, or incurred by the Agents. Furthermore, the Agents and any Hedging Counterparty, along their respective affiliates, may, in certain cases, act as market-maker for the Collateral. By such market-making, the relevant party will, to a large extent, itself determine the price of the Collateral, and consequently influence the value of the Collateral and consequently the Instruments. The prices quoted by the relevant party in its market-making function will not always correspond to the prices which would have formed without such market-making and in a liquid market.

The Agents and any Hedging Counterparty, along with their respective affiliates, whether by virtue of the types of relationships described herein or otherwise, may acquire non-public information with respect to the Collateral that is or may be material in the context of the Instruments. None of the Agents, the Trustee or the Hedging Counterparty, along with their respective affiliates, undertakes to disclose any such information to any Instrumentholder.

## GENERAL DESCRIPTION OF THE PROGRAMME

*This section provides a brief overview of some of the main terms applicable to a Series of Instruments. It outlines a number of features of the Instruments but does not set out in full these features of the Instruments. In addition there are aspects of the Instruments to which this overview does not refer. Investors should therefore not rely on this overview but should rely only on the full terms and conditions of the relevant Series of Instruments as set out in the Base Prospectus as completed by the relevant Final Terms. Prospective investors should read carefully and understand the Base Prospectus (in particular the Conditions and the section “Risk Factors” in this Base Prospectus) before making any decision to invest in the Instruments.*

### 1 Nature of the Instruments

The Instruments are designed to enable Instrumentholders: (i) to participate, through the Interest Amounts, in a potentially variable level of the underlying interest rate equal to or above the level of the Minimum Interest Rate and equal to or below the level of the Maximum Interest Rate (to the extent applicable) and (ii) to be repaid at the Final Redemption Amount at maturity of the Instruments, unless the Maturity Date is postponed to the Postponed Maturity Date (where applicable), in which case during the Pass-through Period, amounts equal to the Principal Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time shall be paid to the Instrumentholders three Business days following each Collateral Payment Date by way of repayment of principal of the Instruments, such amount to be paid to each Instrumentholder pro rata to the principal amount of Instruments held by each Instrumentholder (see section 3 below). The payments of interest and principal under the Instruments are subject to the Issuer having received corresponding payments from the Collateral and/or the Hedging Agreement (see section 6 and 7 below).

The Instruments are debt obligations of Palladium Securities 1 S.A. (the “**Company**”) acting in respect of a particular Compartment (the “**Issuer**”). The Instruments will provide exposure, amongst other things, to each of the credit risk of the Issuer, the Hedging Counterparty (if any) and the Collateral. In particular, Instrumentholders are able to participate in the performance of the Collateral with certain interest rate risks and/or foreign exchanges risks being hedged via the Hedging Agreements. This overview provides a brief overview of how each of these risks operate, as each will affect whether and how much interest (except in relation to zero coupon Instruments) and principal is paid to investors, and of the structure of the Instruments. Having reviewed this section, investors should refer again to the “Risk Factors” sections above.

### 2 Nature of the Issuer

The Company is a special purpose vehicle established for the purpose of issuing asset backed securities for any securitisation transactions as permitted under the Securitisation Act 2004, including the Instruments.

### 3 Economic Terms of the Instruments

The section “General Conditions” sets out the legal and economic terms of the Instruments as completed by the Final Terms for each specific Series. These Conditions of a Series specify among other things:

- The right of the holder of an Instrument to receive periodic interest payments (referred to as Interest Amounts) and how the Interest Amounts will be determined;
- how and when the level of the underlying interest rate is determined for the purposes of calculating an Interest Amount;
- the amount payable on redemption of the Instruments; and

- how and when the Issuer may redeem the Instruments early.

**(a) Rights under the Instruments**

The Instruments represent the right to receive:

- (i) periodic interest payments (referred to as Interest Amounts) from the Issue Date or the Primary Market End Date (as specified in the relevant Final Terms) (in the case of Instruments in respect of which the Scheduled Maturity Date may be postponed, only prior to any applicable Pass-through Period) at either
  - (1) a fixed interest rate; or
  - (2) a floating interest rate; or
  - (3) a structured floating rate which may be one of
    - (a) a floating interest rate multiplied by a Leverage Factor (**Structured Floating Rate (Leverage Factor)**); or
    - (b) a Specified Rate which will only apply for a specific Business Day in the relevant Interest Period on which the Relevant Rate is greater than or equal to the Minimum Range Percentage and less than or equal to the Maximum Range Percentage (**Structured Floating Rate (Range Accrual)**); or
    - (c) a floating interest rate on the basis of (i) the applicable Benchmark Rate for a Representative Amount of the Specified Currency for one Specified Duration, minus (ii) the Benchmark Rate for a Representative Amount of the Specified Currency for a second Specified Duration (**Structured Floating Rate (SD1 – SD2)**); or
    - (d) the sum of or difference between two different Benchmark Rates (**Structured Floating Rate (Aggregate Benchmark Rate)**);
    - (e) a rate linked to the performance of a specified inflation Index (Structured Floating Rate (Inflation Index Linked Rate)); or
- (ii) no periodic interest payment during the term of the Instrument (zero coupon Instrument);
- (iii) during any applicable Pass-through Period in relation to Instruments in respect of which the Scheduled Maturity Date may be postponed, interest payments (referred to as Interest Amounts) equal to Interest Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time; and
- (iv) a Final Redemption Amount of 100 per cent. of the Calculation Amount per Instrument. where the Calculation Amount is specified in the relevant Final Terms on the Maturity Date of the Instrument, provided in the case of Instruments in respect of which the Maturity Date has been postponed (where applicable) from the Scheduled Maturity Date to the Postponed Maturity Date, amounts equal to the Principal Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time during the Pass-through Period.

In the case of Instruments in respect of which the relevant Final Terms specify that “Interest Component Adjustment” is Applicable, the Calculation Agent in its reasonable discretion may determine an adjustment to any one or more of the initial Interest Rate, the Margin, any applicable Minimum Interest Rate, any applicable Maximum Interest Rate or the Leverage Factor, as specified in the applicable Final Terms, in accordance with its normal pricing methodology on the specified Interest Component Adjustment Date. In such circumstances, the Calculation Agent shall determine any adjustment to any such component(s) by reference to such prevailing market

conditions as it determines appropriate on the relevant Interest Component Adjustment Date which may, in particular, include the value and volatility of the Collateral, credit spreads on the issuer of the Collateral and the level of interest rates and interest rate swap rates, all as at the relevant Interest Component Adjustment Date. In such circumstances, the Calculation Agent will determine an illustrative Interest Rate, Margin, Minimum Interest Rate (if applicable), Maximum Interest Rate (if applicable) and/or Leverage Factor based on the market conditions and other factors as described above as at the first date of the Offering Period specified in the relevant Final Terms. However, in such cases, there can be no assurance as to the market conditions prevailing on the applicable Interest Component Adjustment Date and consequently as to the actual level of each relevant component and the Interest Rate.

#### **(b) Interest Payments**

Each Interest Amount payable (if any) prior to any applicable Pass-through Period will reflect the specified Calculation Amount per Instruments, the Interest Rate and the day count fraction for the relevant Interest Period. An Interest Amount will be payable on the specified interest payment dates.

In respect of fixed rate Instruments, the Yield is calculated using the ICMA Method prior to any applicable Pass-through Period. The ICMA Method determines the effective interest rate for the securities taking into account accrued interest on a daily basis.

In respect of floating rate Instruments, including structured floating rate Instruments, the Interest Rate will be determined by the Calculation Agent in respect of each interest period prior to any applicable Pass-through Period by reference to the specified screen page, subject to certain fallback provisions. To the extent a Minimum Interest Rate and/or Maximum Interest Rate applies, the Calculation Agent determines whether the level of the underlying interest rate is equal to or lower than the Minimum Interest Rate or equal to or greater than the Maximum Interest Rate and will adjust the applicable Interest Rate accordingly.

Instruments may be zero coupon Instruments where the Instruments shall not bear any interest prior to the Maturity Date.

During any applicable Pass-through Period, each Interest Amount will reflect the Interest Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time. An Interest Amount will be payable three Business days following any date on which an Interest Distribution Amount is received by the Issuer.

Payments of interest, where relevant, and principal are contingent on the performance of the Collateral and will also be dependent on any Hedging Agreement, should one apply.

#### **(c) Redemption at Maturity**

Unless previously redeemed or purchased and cancelled and except in the case of Instruments in respect of which the Maturity Date may be postponed, each Instrument will be redeemed by the Issuer by payment of the Final Redemption Amount, such redemption to occur, subject as provided below, on the Maturity Date. The Issuer will either repay the Instruments from the proceeds that it has received from the redemption of the Collateral or from the payments by the Hedging Counterparty under any Hedging Agreement. Hence the redemption of the Instruments is dependent on the payment under the Collateral and/or the Hedging Agreement (if any).

In the case of Instruments in respect of which the Maturity Date may be postponed, unless previously redeemed or purchased and cancelled, each Instrument will be redeemed by the Issuer by payment of the Final Redemption Amount, such redemption to occur, subject as provided below, on the Scheduled Maturity Date. The Issuer will either repay the Instruments from the proceeds that it has received from the redemption of the Collateral or from the payments by the Hedging Counterparty under any Hedging Agreement. Hence the redemption of the Instruments is dependent on the payment under the Collateral and/or the Hedging Agreement (if any). In the event that the Maturity Date has been postponed to the Postponed Maturity Date, during the Pass-through Period,

amounts equal to the Principal Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time shall be paid to the Instrumentholders three Business days following each Collateral Payment Date by way of repayment of principal of the Instruments, such amount to be paid to each Instrumentholder pro rata to the principal amount of Instruments held by each Instrumentholder.

**(d) Early Redemption**

If the Collateral (or any part of it) (as described below) becomes due and repayable or becomes capable of being declared due and repayable prior to its maturity or scheduled termination date or there is a payment default in respect of the Collateral (or any part of it) or the Hedging Agreement is terminated prior to the Maturity Date or there is a cessation in the publication of any applicable Index (see section 7 below for more details), the Instruments shall be mandatorily redeemed in whole or in part, as applicable, and the Series Assets shall be subject to realisation by the Selling Agent, in whole or in part (as applicable). The redemption amount (referred to as the Early Termination Amount – see section 8 below) payable to Instrumentholders in these circumstances will be their *pro rata* share of the proceeds of realisation of the relevant Series Assets after deduction of prior ranking amounts such as the costs and fees of the Trustee, and (unless the Series Assets are realised due to an event of default in relation to the Hedging Counterparty) any outstanding claims of the Hedging Counterparty (including any amounts payable by the Issuer to the Hedging Counterparty in respect of the Option Premium). Furthermore, potential investors should note that the Selling Agent will be able to deduct any of its commissions and/or expenses in connection with the realisation of the Series Assets from the proceeds of realisation of the Series Assets prior to the distribution of such proceeds to the other Series Parties.

**(e) Deductions due to taxes, duties, expenses**

Any amounts payable in respect of the Instruments are subject to the deduction of certain taxes, duties and/or expenses.

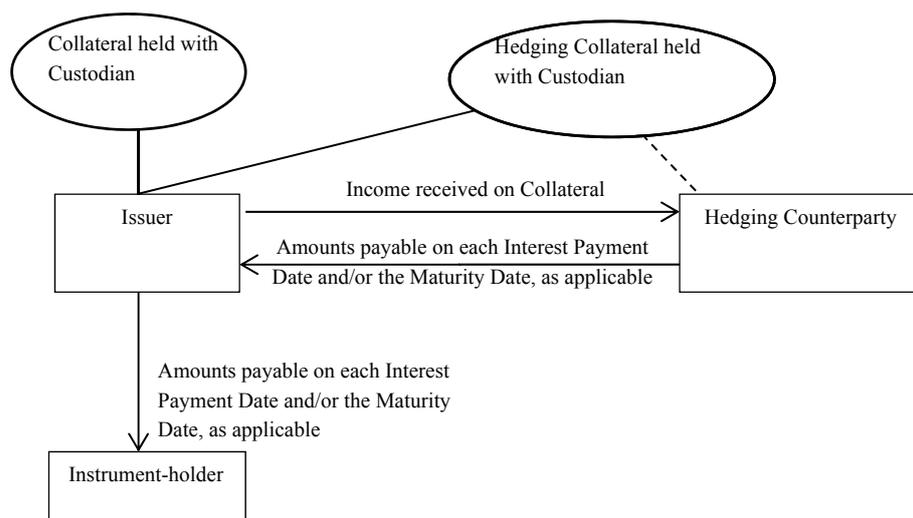
**4 Transaction Structure**

The money raised by the Issuer from the initial sale of the Instruments for a Series shall be used by the Issuer to purchase the Collateral (see section 5 below), after deduction of the costs of the issue and the Issuer's general administrative costs, for such Series. Such purchase or purchases (as the case may be) may directly be made from the issuer of such Collateral, the dealers in the primary market or from any other holders of the Collateral in the secondary market. Each item of Collateral, together with the Issuer's rights under any Hedging Agreement, any Hedging Collateral and any proceeds from any relevant Hedging Agreement (as described in section 6 below) shall form the Series Assets for such Compartment. The Series Assets are exclusively allocated to the relevant Compartment established by the board of directors of the Issuer in respect of the relevant Instruments and will be kept separate from the other assets of the Issuer. The Series Assets for each Compartment are held by the Trustee in favour of the Instrumentholders as security for the obligations of the Issuer under the Instruments.

The Issuer will acquire the Series Assets in an amount sufficient to ensure that it is in a position to meet its obligation under the Instruments, in particular payment of interest (except in the case of a zero coupon Instruments; see section 7 below), the Final Redemption Amount (see section 8 below), the Early Termination Amount (see section 9 and 10 below) and any obligations under the Hedging Agreements (see section 6).

The Issuer for each Series of Instruments may finance any payments to Instrumentholders:

1. if no Hedging Agreement is entered into, directly through payments of principal, interest, dividends or other distributions received on the Collateral and other Series Assets; and/or
2. if a Hedging Agreement is entered into substantially in the manner as set out in the below diagram:



On or prior to the Maturity Date of the Instruments, and subject to any postponement of the Maturity Date to the Postponed Maturity Date (where applicable), the Collateral is either scheduled to be redeemed by the relevant Collateral Obligor or sold to a Hedging Counterparty and the Hedging Agreement will terminate. The Issuer intends to use the proceeds from the redemption and/or realisation of the Collateral and any amounts received under the Hedging Agreement to pay the Final Redemption Amount, and any outstanding Interest Amount, to the Instrumentholders.

In the event of an early termination of the Instruments in accordance with the Conditions of the Instruments, the Issuer, the Trustee or the Selling Agent will be required to sell or otherwise realise the Collateral and terminate the Hedging Agreement. In such a case, the Issuer will pay to the Instrumentholders, subject to the priority of payments specified in Condition 8.8 (*Application of Proceeds of Series Assets*), the Early Termination Amount in respect of each of the Instrument. The Early Termination Amount payable to the Instrumentholders will be their *pro rata* share of the proceeds of realisation of the relevant Series Assets minus prior ranking payments and any commissions or expenses due to the Selling Agent in connection with the realisation of the relevant Series Assets (see section 10 below). The Early Termination Amount may be lower than the nominal amount of the Instruments that are being redeemed and may be zero.

The Series Assets will be the only assets of the Issuer available to meet the claims of the holders of the Instruments. Instrumentholders bear the risk of a default of the Collateral as well as any decline in the value of the Collateral. If the value of any Collateral has declined since the date of purchase, the amounts received by Instrumentholders on any early cancellation of the Instruments may be less than the original nominal amount of their Instruments and may be zero. Instrumentholders are exposed to the credit risk of Deutsche Bank Luxembourg S.A. as Custodian and, if applicable, Servicer of the Collateral which may result in the Collateral not being available for any payments under the Instruments and/or any Hedging Agreements. Furthermore Instrumentholders bear the credit risk of the Hedging Counterparty to the extent any default by the Hedging Counterparty under the Hedging Agreement is not covered by the Hedging Collateral provided thereunder.

## 5 General Description of the Collateral

On or about the Issue Date, the Issuer will use the proceeds of the issue to purchase the Collateral which may comprise any debt instrument(s) issued by a Collateral Obligor listed in Annex 1 (*Collateral Annex*) to this Base Prospectus. The Collateral may form a pool of debt instruments issued by different Collateral Obligors or include only one debt instrument issued by a Collateral Obligor or multiple debt instruments issued by the same Collateral Obligor, as specified in the Final Terms. Subject (where applicable) to any postponement of the Maturity Date to

the Postponed Maturity date, the Collateral will pay a fixed and/or floating interest rate and/or may be zero coupon debt instruments. Subject (where applicable) to any postponement of the Maturity Date, the Collateral Obligor undertakes under the relevant Collateral to repay the Collateral on the maturity date of such Collateral at the nominal amount of the Collateral. In the event that the Maturity Date has been postponed to the Postponed Maturity Date, during the Pass-through Period, amounts equal to the Principal Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time shall be paid to the Instrumentholders three Business days following each Collateral Payment Date by way of repayment of principal of the Instruments.

The Collateral may be denominated in a currency other than the currency in which the Instruments are issued and the Issuer will rely on the currency swap transaction under the Hedging Agreement to convert such sums to the Specified Currency. The Calculation Agent will be responsible for determining the exchange rate applicable when calculating the correct amount of Collateral corresponding to the Instruments on the Issue Date and any Early Termination Amount payable on an early termination of the Instruments.

The Collateral may include senior unsecured and secured debt instruments. The Collateral may also include high yield bonds which are typically secured debt instruments of a Collateral Obligor with a lower credit rating than investment grade rated bonds.

The relevant Collateral will be purchased in a principal amount equal to the Aggregate Nominal Amount of the Instruments issued on the Issue Date or in a ratio as specified in the Final Terms.

The Collateral Obligor, the Collateral Guarantor (if any) and the Collateral Support Provider (if any) will have securities admitted to trading on a regulated market in the European Union where more information on the Collateral Obligor, the Collateral Guarantor (if any) and the Collateral Support Provider (if any) can be found (as specified in the Final Terms). A general description of the Collateral Obligor and any Collateral Guarantor or Collateral Support Provider is set out in Annex 1 (*Collateral Annex*) to this Base Prospectus.

If “Collateral Support Provider” is specified as “Applicable” in the relevant Final Terms, the Collateral will benefit from a Keepwell Agreement or Alternative Collateral Support Arrangement. In the case of a Keepwell Agreement, it is typical for the Collateral Support Provider to undertake that it will make available funds sufficient to meet the payment obligations, as they fall due, of the Collateral Obligor. The Collateral Obligor is commonly first obliged to notify the Collateral Support Provider of any shortfall. The Collateral Support Provider will, in such cases, often be an entity that directly or indirectly controls all the outstanding shares of the Collateral Obligor and will also undertake in the Keepwell Agreement not to encumber or otherwise dispose of such shares.

Other Alternative Collateral Support Arrangements will likewise involve a Collateral Support Provider giving certain undertakings to the Collateral holders or the Collateral Obligor which will seek to increase the likelihood that the Collateral Obligor will not default on its payment obligations and will be able to repay the Instruments in full on redemption.

## **6 Hedging Agreement**

On or prior to the Issue Date for a Series of Instruments the Issuer may enter into an interest and/or currency swap agreement (the “**Hedging Agreement**”) with the Hedging Counterparty on the basis of a 1992 or 2002 Master Agreement (Multicurrency-Cross Border) and schedule under English law, as published by the International Swaps and Derivatives Association, Inc. (ISDA), as supplemented by a confirmation in respect of the interest rate and/or currency swap. Deutsche Bank AG will act as Hedging Counterparty and further information on Deutsche Bank AG can be found in the section “ADDITIONAL INFORMATION IN RELATION TO THE PARTIES TO THE STRUCTURE” below.

The Hedging Agreement is an interest rate and/or currency swap transaction related to the Instruments and the Collateral and for the purposes of which both the Issuer and the Hedging Counterparty undertake to make periodic payments. The payments which the Hedging Counterparty undertakes to make under the Hedging Agreement equal

the Issuer's interest payments in respect of the Instruments. In return, the Issuer will pay to the Hedging Counterparty the interest payments that it receives under the Collateral.

The principal purpose of any Hedging Agreement is to ensure that, prior to any early cancellation of the Instruments, the income received by the Issuer from any Collateral (which may pay a rate of interest that differs from the rate that the Issuer must pay under the Instruments, or may pay amounts in a different currency to the currency in which the Instruments are denominated) is exchanged for an income stream that matches the amounts to be paid under the Instruments.

If "Collateral Put/Call Redemption" is not specified as "Applicable" in the relevant Final Terms, if any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with the terms of such Collateral, the Collateral will redeem and the proceeds of redemption shall be paid to the Hedging Counterparty pursuant to the Hedging Agreement. In such circumstances the remaining amounts to be paid under the Instruments will depend in full upon the performance of the Hedging Counterparty under the Hedging Agreement.

In order to secure the performance of any Hedging Counterparty's obligations under each Hedging Agreement, as part of the corresponding Hedging Agreement, a Credit Support Document may be entered into by the Issuer and the Hedging Counterparty on or after the Issue Date of the Instruments pursuant to which the Hedging Collateral may, from time to time, be delivered by such Hedging Counterparty to the Custodian in order to collateralise the Hedging Counterparty's exposure to the Issuer. The Issuer may, if "2-Way Hedging Collateral Posting" is specified in the relevant Final Terms, also be required to deliver collateral comprising the Collateral to the Hedging Counterparty in order to collateralise its obligations to the Hedging Counterparty under the Hedging Agreement. Any Hedging Collateral and/or eligible credit support comprising the Collateral delivered is subject to the right of such Hedging Counterparty and/or the Issuer (as applicable) to request redelivery of such collateral in accordance with the corresponding Hedging Agreement. The amount of the Hedging Collateral posted by the Hedging Counterparty and/or eligible credit support comprising the Collateral posted by the Issuer may be adjusted from time to time pursuant to the terms of such Hedging Agreement. The obligation of the Issuer to deliver eligible credit support comprising the Collateral to the Hedging Counterparty under the Credit Support Document is limited to the amount of Collateral held by the Issuer from time to time.

The Hedging Agreement will be terminated on or about the Maturity Date of the Instruments (or on or about the Scheduled Maturity Date of the Instruments, where the Maturity Date of the Instruments may be postponed to the Postponed Maturity Date) unless terminated earlier in accordance with its terms, including due to an event of default or termination event under the Hedging Agreement. An event of default under the Hedging Agreement includes, inter alia, (subject to applicable grace period) a failure by a party to pay any amount due under the Hedging Agreement, (subject to applicable grace period) a failure by either party to perform any obligation under the Hedging Agreement, or the bankruptcy of a party. A termination event under the Hedging Agreement includes, inter alia, illegality, a tax event or regulatory changes affecting either party to the Hedging Agreement.

The Hedging Agreement will terminate in full if all Instruments are cancelled prior to the Maturity Date (or prior to the Scheduled Maturity Date, where the Maturity Date of the Instruments may be postponed to the Postponed Maturity Date) or if an Event of Default occurs in respect of the Instruments. Events of Default in respect of the Instruments include the following events:

- (i) if default is made in the payment of any sum due in respect of the Instruments or any of them is made for a period exceeding the Grace Period; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Instruments, the Series Instrument and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of

notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or

- (iii) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution (including, without limitation, any bankruptcy (*faillite*), insolvency, voluntary, forced or judicial liquidation (*liquidation volontaire ou judiciaire ou forcée*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) of the Issuer or the Company (as appropriate) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution or formal notice is given of an intention to appoint an administrator (including, without limitation, any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert-vérificateur*), *juge délégué* or *juge commissaire*), provisional administrator (*administration provisoire*) or any application is made or petition is lodged or documents are filed with the court or administrator in relation to the Issuer or the Company (as appropriate).

The Hedging Agreement will terminate in part (on a pro rata basis in a proportion of its nominal amount equal to the proportion that the nominal amount of the Instruments being cancelled bears to the Aggregate Nominal Amount of all Instruments immediately prior to such cancellation) if some of the Instruments are cancelled prior to the Maturity Date (or prior to the Scheduled Maturity Date, where the Maturity Date of the Instruments may be postponed to the Postponed Maturity Date) pursuant to the Conditions. Furthermore, the Hedging Agreement may be terminated early in case of an early redemption of the Instruments.

## **7 Early Termination of the Instruments**

The Instruments may be cancelled early if:

- (a) a default, event of default or other similar event or circumstance occurs with respect to the Collateral (howsoever described and including, without limitation, a failure to pay any principal or interest when and where due in accordance with the terms of the Collateral as at the Issue Date and further provided that if any of the Collateral comprises asset-backed securities then any deferral of interest or other payment thereunder in accordance with its terms shall not constitute a “default”);
- (b) any of the Collateral becomes repayable (otherwise than at the option of the relevant Collateral Obligor in accordance with the terms of the Collateral) or becomes capable of being declared due and payable prior to its stated date of maturity for whatever reason;
- (c) if “Collateral Put/Call Redemption Event” is specified as “Applicable” in the relevant Final Terms, if any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with the terms of such Collateral;
- (d) the Issuer would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, and the Issuer has been unable to arrange substitution or change of itself as Issuer, or is unable to do so in a tax efficient manner;
- (e) any Credit Support Document entered into in connection with any Hedging Agreement is terminated prior to the Maturity Date for any reason;
- (f) any Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement Termination Date;

- (g) “Early Redemption on Cessation of Publication ” is specified as “Applicable” in the relevant Final Terms and there is a cessation in the publication of any applicable Index; or
- (h) there is a breach by the Issuer of its obligations under the Instruments or the winding-up or dissolution of the Issuer.

In any such case of early cancellation described in (a), (b), (c), (d), (e), (f) or (g) above the Issuer shall give not more than 30 nor less than 15 days’ notice of the date fixed for cancellation and on expiry of such notice (i) the Issuer shall cancel the outstanding Instruments of such Series in whole or in part, as applicable, (ii) the relevant portion of the Series Assets will be realised in accordance with the Securitisation Act 2004, if applicable, and (iii) the security constituted by or created pursuant to the Series Instrument shall become enforceable in whole or in part, as applicable.

## **8 Early Termination Amount**

The Early Termination Amount (if any) due in respect of each Instrument following the occurrence of an Event of Default, a cancellation for tax reasons, a termination of the Credit Support Document, an early termination of the Hedging Agreement, a Collateral early redemption, a Collateral Put/Call Redemption Event or a Collateral Default Event or the cessation of the Index, shall be an amount equal to such Instrument’s *pro rata* share of an amount in the Specified Currency (which may never be less than zero) determined by the Calculation Agent in accordance with the following formula:

$$(A - B)$$

Where:

“**A**” is the Market Value Collateral, converted into the Specified Currency (if applicable) at the relevant exchange rate applicable at such time, as determined by the Calculation Agent in its reasonable discretion; and

“**B**” is the Early Termination Unwind Costs.

“**Collateral Currency**” means the currency in which the Collateral is denominated.

“**Early Termination Unwind Costs**” means the sum (the result of which may be positive, negative or zero) of:

- (a) an amount, if any, determined by the Calculation Agent equal to (i) the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Hedging Counterparty (expressed as a positive amount) or (ii) the gain realised by the Hedging Counterparty (expressed as a negative amount), in either case in connection with the cancellation of the Instrument and the related termination, settlement or re-establishment of any hedge or related trading position; and (without duplication); and
- (b) (expressed as a positive amount) any legal and other ancillary costs (including if applicable, without limitation, any costs in relation to the realisation of the Collateral) incurred by the Issuer, the Trustee or the Hedging Counterparty as a result of the Instruments becoming subject to mandatory cancellation.

Where “Option Premium” is specified as “Applicable” in the Final Terms, the Early Termination Unwind costs shall include amounts payable by the Issuer to the Hedging Counterparty in respect of the Option Premium.

“**Early Termination Valuation Date**” means:

- (a) for the purposes of a cancellation due to a Collateral Default Event, a Collateral early termination, a Collateral Put/Call Redemption Event, a cancellation for tax reasons, a termination of the Credit Support Document

or an early termination of the Hedging Agreement or the cessation of the Index, the Business Day immediately preceding the due date for cancellation; or

(b) for the purposes of a cancellation due to the occurrence of an Event of Default, the due date for cancellation.

“**Market Value Collateral**” means, in respect of each item of Collateral, (i) where the Collateral has not been redeemed, an amount in the relevant Collateral Currency calculated by the Calculation Agent equal to the highest firm bid quotation obtained by the Calculation Agent from the Reference Banks for the Collateral (excluding accrued but unpaid interest in respect thereof), on the relevant Early Termination Valuation Date provided that if no firm bid quotation is obtained, the Market Value Collateral shall be calculated by the Calculation Agent in good faith and may in certain circumstances be zero or (ii) in circumstances where the Collateral has been redeemed, the proceeds of redemption of the Collateral.

## **9 Optional Redemption at the option of the Issuer**

If “Issuer Call Option” is specified to be applicable in the relevant Final Terms, the Issuer may, on giving notice (a) on a date within the Optional Redemption Period specified in such Final Terms, or (b) at least 5 Business Days prior to an Optional Redemption Date specified in such Final Terms, cancel all of the Instruments and the Issuer shall pay the Optional Redemption Amount together with interest accrued to the date fixed for cancellation in respect of each Instrument.

The Optional Redemption Amount due in respect of each Instrument pursuant to the exercise of the Issuer Call Option shall be either (a) the percentage per Calculation Amount per Instrument, or (b) the Optional Redemption Amount the Optional Redemption Amount per Instrument corresponding to the applicable Optional Redemption Date on which the Issuer Call Option is exercised, each as set out in the relevant Final Terms.

## **10 Description of the Security Structure**

The Issuer will enter on the Issue Date with Deutsche Trustee Company Limited as Trustee into a Series Instrument under English law pursuant to which the Instruments will be constituted and secured. In accordance with such Series Instrument the Trustee is granted security for itself and as trustee over, inter alia, the Collateral and the rights of the Issuer under the Hedging Agreement as continuing security for, inter alia, the payment of all sums due under the Instruments.

Under the Series Instrument, the Trustee undertakes to hold on trust the security granted to it for, inter alia, the benefit of the Instrumentholders and has the right to enforce the security upon the occurrence of an Event of Default, e.g. in the event of a non-payment of an interest or any other amount due under the Instruments within fourteen days from the relevant due date.

The Trustee is obliged to pay to the Series Parties (as defined in the Conditions of the Instruments) the proceeds from the realisation of the Series Assets with the priority set out in Condition 8.8 (*Application of Proceeds of Series Assets*). This means that the realisation proceeds will be used to satisfy any claims of the relevant Series Party in the respective order and the claims in the same rank will be satisfied on a *pro rata* basis.

In certain circumstances, the principal amount of Collateral purchased on the Issue Date will be greater than the principal amount of Notes issued on such date. The Instruments will not, however, be over-collateralised by such amount. In no circumstances will the amount of Collateral comprising security for the Instruments exceed the Aggregate Nominal Amount of the Instruments. On the Issue Date, the nominal amount of Collateral to be delivered to the Issuer under the Hedging Agreement will exceed the Aggregate Nominal Amount of the Instruments. This excess amount shall be payable by the Issuer to the Hedging Counterparty (whether at maturity or otherwise) by way of a final exchange under the Hedging Agreement. This amount represents the premium

payable to the Hedging Counterparty by the Issuer in respect of an option contained in the Hedging Agreement. In the event of an early termination of the Instruments the present value of this excess amount at the time of termination, as determined by the Calculation Agent in its sole and absolute discretion, will comprise part of the Early Termination Unwind Costs.

According to Condition 19 and the Series Instrument the Trustee may be replaced by the Issuer subject to the prior approval by an Extraordinary Resolution of the Instrumentholders and the consent of the Hedging Counterparty.

## **11 Role of the Trustee**

Pursuant to the relevant Series Instrument, the Trustee will be appointed, *inter alia*, to hold the Series Assets for the benefit of the Instrumentholder. In the case of the security created under the relevant Series Instrument becoming enforceable, the Trustee shall enforce such security and distribute the enforcement proceeds in accordance with the relevant priority of payments as set out in General Condition 8.8 (*Application of Proceeds of Series Assets*).

## **12 Role of Agents under the Programme**

The Issuer may engage various agents in respect of the Programme and any Series of Instruments. These Agents act solely as agents of the Issuer and do not assume any obligation or duty to, or any relationship of agency or trust for or with, any Instrumentholder.

The Principal Agent or Paying Agent will have the role according to the Agency Agreement of paying, or causing to be paid, all amounts due to the Instrumentholders. The Issuer will generally procure transfer of any payments to be made to Instrumentholders to the Principal Agent or Paying Agent prior to payment to the Instrumentholders. If, however, a payment by the Issuer to the Principal Agent or Paying Agent is made late but otherwise in accordance with the terms of the Agency Agreement, the Principal Agent or Paying Agent will nevertheless make payments in respect of the relevant Series. If, however the Principal Agent or Paying Agent has reason to believe that the amounts to be received by it from the Issuer will be insufficient to satisfy all claims in respect of payments falling due in respect of any Series, the Principal Agent or Paying Agent will not be obliged to pay any such claims until it has received the full amount of such payments.

Pursuant to the Agency Agreement, the Issuer appoints the Custodian as the initial custodian of the Collateral in respect of each Series (to the extent such Collateral constitutes “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004) and the Custodian acknowledges that all such Collateral for that Series credited to its account or delivered to it shall be held in safe custody for and on behalf of the Issuer, subject to the security in favour of the Trustee as set out in the relevant Series Instrument. The Custodian (acting on behalf of the Issuer and the Trustee, respectively), or if applicable, any Servicer, shall receive all moneys in relation to the Series Assets and apply all moneys received by it under the provisions of the Series Instrument in connection with such Series Assets, in all cases in accordance with proper instructions received. The Issuer shall not at any time own or agree to own any assets which would cause any applicable Servicer to be subject to any express or implied duty or obligation under any applicable Italian or Luxembourg law (including any reporting duties towards the competent supervision authorities of the Issuer (if any)) other than the duty to collect payments made in respect of assets which it holds in its capacity as Custodian (either directly or via a sub-custodian). For these purposes, references to “collect” or the “collection” of payments shall be construed as meaning the receipt of payments due with respect to such assets held and shall not extend to ensuring performance of such assets whether by management of the recovery of unpaid debts or otherwise. The role of Servicer (if applicable) is restricted to this single duty accordingly.

Any Calculation Agent, if specified in the Final Terms, shall perform the duties expressed to be performed by it in the relevant Series of Instruments, the Final Terms and Agency Agreement. The Calculation Agent shall make the relevant determinations and/or calculations accordingly.

Pursuant to the Agency Agreement, the Selling Agent's role is, if instructed by the Trustee in accordance with General Condition 8.10.2, to use all reasonable endeavours, as the agent of the Trustee, to sell or otherwise realise the Collateral as soon as reasonably practicable on or after the date on which it receives such instruction at its best execution price less any commissions or expenses charged by the Selling Agent and specified for this purpose in the Series Instrument.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus incorporates by reference the following documents which have previously been published or filed with the CSSF (in its capacity as competent authority). However, if a statement in any such document is amended or superseded, expressly, by implication or otherwise by a statement in a subsequent document and that subsequent document is incorporated by reference into this Base Prospectus, the original statement will no longer form part of this Base Prospectus.

Comparative table of documents incorporated by reference:

<b>Document incorporated by reference</b>	<b>Pages of document incorporated by reference</b>
Articles	All pages.
Annual accounts and independent auditor's report dated 31 January 2012	Page 2-6 (Directors' Report) Page 7 (Statement of the Board of Directors' Responsibility) Pages 8-9 (Independent Auditor's Report) Page 10 (Balance Sheet of the Company) Page 11 (Profit and Loss Account of the Company) Pages 12-23 (Balance Sheet of the Compartments) Pages 24-32 (Profit and Loss Account of the Compartments) Pages 33-69 (Notes to the Annual Accounts)
Annual accounts and independent auditor's report dated 31 January 2013	Pages 2-7 (Directors' Report) Page 8 (Statement of the Board of Directors' Responsibility) Pages 9-10 (Independent Auditor's Report) Page 11 (Balance Sheet of the Company) Page 12 (Profit and Loss Account of the Company) Pages 13-24 (Balance Sheet of the Compartments) Pages 25-36 (Profit and Loss Account of the Compartments) Pages 37-79 (Notes to the Annual Accounts)

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Company and from the specified offices of the Paying Agents for the time being in London and Luxembourg. This Base Prospectus, the documents incorporated by reference and the Final Terms in respect of any Series of Instruments (if listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange) will also be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

The Company will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Instruments, prepare a Supplement to this Base Prospectus in accordance with article 16 of the Prospectus Directive and article 13 of the Prospectus Act 2005 or publish a new Base Prospectus for use in connection with any subsequent issue of Instruments.

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Regulation (EC) NO 809/2004 of 29 April 2004 (the “**Prospectus Regulation**”).

## GENERAL CONDITIONS

*The following (other than the text in italics) is the text of the general conditions (the “General Conditions” and, together with the provisions of the relevant Final Terms, the “Conditions”) which, together with the relevant Final Terms, will be applicable to the specified Series of Instruments and will be endorsed on, attached to or incorporated by reference into the relevant Global Instrument. The relevant Final Terms will complete the General Conditions in relation to each Series of Instruments.*

This Series of Instruments is constituted and secured by the Series Instrument.

By executing the Series Instrument, the Issuer, the Agents and the Trustee have entered into the Agency Agreement on the terms set out in and/or incorporated by reference into the Series Instrument with the persons (if any) executing the Series Instrument as the Principal Agent and/or as the Paying Agents, the Custodian, any applicable Servicer and/or as the Calculation Agent and/or as the Selling Agent and/or in such other capacity as may be specified in the Series Instrument.

If any person has executed the Series Instrument in the capacity of a Hedging Counterparty, the Issuer and such Hedging Counterparty have, by executing the Series Instrument, entered into a Hedging Agreement.

These General Conditions apply in relation to the Instruments, in each case as completed by the provisions of the relevant Final Terms and the provisions of the Series Instrument. Each reference herein to a specific numbered General Condition is to such General Condition as so completed. These General Conditions include summaries of, and are subject to, the detailed provisions of the Series Instrument and the relevant Final Terms. Copies of the Series Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement, the Purchase Agreement and any Hedging Agreement) are available for inspection during normal office hours at the registered office of the Trustee and the specified office of each of the Paying Agents save that where this Series of Instruments is unlisted, such documents may only be inspected by a holder of such Instruments and such holder must produce evidence satisfactory to the Trustee or the relevant Paying Agent, as the case may be, as to its holding of such Instruments and its identity. The Instrumentholders are deemed to have notice of, and shall be bound by, all of the provisions of the Articles, the Series Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement and any Hedging Agreement) applicable to them. These General Conditions apply to Instruments as completed by the provisions of the relevant Final Terms, the other provisions of the Series Instrument and by the provisions of the relevant Global Instrument.

Where no reference is made in the relevant Final Terms to any Hedging Counterparty, Custodian, Servicer or Selling Agent, references in these General Conditions to any such document or agreement and to any Hedging Counterparty, Custodian, Servicer or Selling Agent, as the case may be, shall not be applicable.

### Content Table of the General Conditions

<b>General Condition</b>	<b>Content</b>
Condition 1 ( <i>Definitions</i> )	Listing all defined terms in alphabetic order
Condition 2 ( <i>Interpretation</i> )	Providing guidance as to the interpretation of the terms of the Conditions
Condition 3 ( <i>Form and Title</i> )	Defining the form of the Instruments and the method of transfer of title in the Instruments
Condition (4) ( <i>Status</i> )	Describing the status of the obligations of the Issuer created in respect of the Instruments

Condition 5 ( <i>Interest</i> )	Providing the variables, method and calculations in relation to determining the Interest Amount
Condition 6 ( <i>Payments Instrumentholder Expenses and Taxation</i> )	Setting out the payment provisions in relation to any payments under the Instruments
Conditions 7 ( <i>Redemption and Purchase</i> )	Determining the redemption amount in case of a redemption at maturity, an early termination, a mandatory cancellation, a cancellation for taxation and other reasons, an Issuer call option and a repurchase of Instruments
Condition 8 ( <i>Series Assets, Collateral and Security</i> )	Describing the Series Assets, the Collateral and Hedging Collateral and the security taken in respect of the Instruments; setting out the priority of payments in respect of any proceeds from the Series Assets and the realisation of Series Assets
Condition 9 ( <i>Hedging Agreements</i> )	Describing the Hedging Agreements and the Hedging Collateral
Condition 10 ( <i>Restrictions</i> )	Describing the covenants provided by the Issuer under the Series Instrument
Condition 11 ( <i>Prescription</i> )	Specifying the prescription period for any claims against the Issuer in respect of the Instrument
Condition 12 ( <i>Events Default</i> )	Setting out the events of default and the consequences
Condition 13 ( <i>Enforcement</i> )	Specifying the powers of enforcement of any rights in relation to the Instruments
Condition 14 ( <i>Meeting of Instrumentholders, Modifications, Waiver, Substitution</i> )	Describing the requirements of a meeting of Instrumentholders, of a modification or waiver of any term in relation to the Instrument
Condition 15 ( <i>Replacement of Instruments</i> )	Describing the procedure in respect of any defect of stolen Instrument
Condition 16 ( <i>Further Issues</i> )	Allowing further issuances of Instruments of the same Series
Condition 17 ( <i>Notices and Provision of Information</i> )	Providing the notice procedure in respect of the Instruments
Condition 18 ( <i>Agents</i> )	Specifying the agents of the Issuer and the role of the relevant agent
Condition 19 ( <i>Indemnification and Obligations of the Trustee; Replacement of Trustee</i> )	Setting out the indemnification of the Issuer for the benefits of the Trustee and replacement of the Trustee
Condition 20 ( <i>Governing Law and Jurisdiction</i> )	Specifying English law as the governing law and the courts of England have jurisdiction in respect of any proceedings
Condition 21 ( <i>Contracts (Right of Third Parties )Act 1999</i> )	No other person is entitled to enforce any right under the Instruments

## 1 Definitions

### 1.1 Definitions

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

“**Affiliate**” means, in relation to any entity (the “**First Entity**”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes “control” means ownership of a majority of the voting power of an entity.

“**Agency Agreement**” means the agency agreement in respect of the Instruments entered into by the Issuer, the Trustee and the Agents by their execution of the Series Instrument, as amended, restated and/or supplemented from time to time.

“**Agents**” means the Principal Agent, the Paying Agents, the Custodian, any applicable Servicer, the Calculation Agent, the Selling Agent or any of them and all references to an Agent shall include such further or other person or persons as may be appointed from time to time an agent under the Agency Agreement with the prior written approval of the Trustee under the Series Instrument.

“**Aggregate Nominal Amount**” means, in relation to any Series of Instruments, the aggregate nominal amount of such Series of Instruments from the time being outstanding. The Aggregate Nominal Amount as of the Issue Date will be as specified in the relevant Final Terms.

“**Alternative Collateral Support Arrangement**” means an arrangement that is not a Collateral Guarantee or a Keepwell Agreement entered into by a Collateral Support Provider intended to improve the ability of the Collateral Obligor to meet its payment obligations in respect of the Collateral.

“**Amortisation Yield**” is as specified in the relevant Final Terms.

“**Banking Day**” is as specified in the relevant Final Terms.

“**Benchmark Rate**” means one of the following, as specified in the relevant Final Terms:

- (i) EURIBOR;
- (ii) CHF-LIBOR;
- (iii) EUR-LIBOR;
- (iv) GBP-LIBOR;
- (v) USD-LIBOR;
- (vi) EUR-CMS;
- (vii) USD-CMS; and
- (viii) the sum of any of the rates in (i) to (vii), provided that “Structured Floating Rate (Aggregate Benchmark Rate)” is specified in the relevant Final Terms.

“**Board**” means the board of directors of the Company.

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Luxembourg and such other location as may be specified in the relevant Final Terms, and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, if applicable, any day on which TARGET2 is open.

“**Business Day Convention**” means one of the following, as specified in the relevant Final Terms:

- (I) “**Floating Rate Business Day Convention**” means that if a specified date would otherwise fall on a day which is not a Business Day, 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 (A) such date shall be brought forward to the immediately preceding Business Day and (B) 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;
- (II) “**Following Business Day Convention**” means that if a specified date would otherwise fall on a day which is not a Business Day, such date shall be postponed to the next day which is a Business Day;
- (III) “**Modified Following Business Day Convention**” means that if a specified date would otherwise fall on a day which is not a Business Day, 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 such date shall be brought forward to the immediately preceding Business Day; or
- (IV) “**Preceding Business Day Convention**” means that if a specified date would otherwise fall on a day which is not a Business Day, such date shall be brought forward to the immediately preceding Business Day.

“**Calculation Agent**” means the person (if any) executing the Series Instrument for the purpose of entering into the Agency Agreement in the capacity of calculation agent.

“**Calculation Amount**” means the amount specified as such in the relevant Final Terms.

“**CHF-LIBOR**” means the rate for deposits in CHF which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).

“**Clearing Agent**” means the person specified as such in the relevant Final Terms.

“**Clearstream, Frankfurt**” means Clearstream Banking AG in Frankfurt am Main, Germany.

“**Clearstream, Luxembourg**” means Clearstream Banking, société anonyme in Luxembourg.

“**Collateral**” means, in respect of any Series of Instruments as specified in the relevant Final Terms, certain securities issued by a Collateral Obligor, and cash deposits denominated in any currency, as specified in the relevant Final Terms. If “Multiple Collateral Issue” is specified as “Applicable” in the relevant Final Terms, such Series of Instruments will consist of two or more items of Collateral each such item a “**Collateral Item**”.

“**Collateral Currency**” means the currency in which the Collateral or a Collateral Item is denominated.

“**Collateral Guarantee**” means a guarantee given by the Collateral Guarantor in respect of the Collateral Obligor’s payment obligations under the Collateral or a Collateral Item, as the case may be.

“**Collateral Guarantor**” means each guarantor listed in Annex 1 (*Collateral Annex*), hereto which may be the guarantor of the Collateral or a Collateral Item.

“**Collateral Obligor**” means each obligor listed in Annex 1 (*Collateral Annex*), hereto which may be an obligor of the Collateral or a Collateral Item, as the case may be.

“**Collateral Support**” means a Collateral Guarantee, a Keepwell Agreement or an Alternative Collateral Support Arrangement.

“**Collateral Payment Date**” means if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, any date on which a Principal Distribution Amount or an Interest Distribution Amount, as the case may be, is received by the Issuer.

“**Collateral Support Provider**” means each support provider (listed in the Annex 1 (*Collateral Annex*)) of a Keepwell Agreement or an Alternative Collateral Support Arrangement.

“**Company**” means Palladium Securities 1 S.A.

“**Companies Act 1915**” means the Luxembourg law dated 10 August 1915 on Commercial Companies, as amended.

“**Credit Support Annex**” means, in relation to any Hedging Agreement, a Credit Support Annex (Bilateral Form – Transfer) (1995 version for ISDA Agreements subject to English law) as published by the International Swaps and Derivatives Association Inc., entered into by the Issuer and such Hedging Counterparty and dated the relevant Issue Date and as amended, restated and/or supplemented from time to time, pursuant to which the Hedging Collateral is delivered by the Hedging Counterparty to the Custodian or if “2-Way Hedging Collateral Posting” is specified in the relevant Final Terms, by the Issuer to the Hedging Counterparty.

“**Credit Support Deed**” means, in relation to any Hedging Agreement, a Credit Support Deed (Bilateral Form – Security Interest) (1995 version for ISDA Agreements subject to English law) as published by the International Swaps and Derivatives Association Inc., entered into by the Issuer and such Hedging Counterparty and dated the relevant Issue Date and as amended, restated and/or supplemented from time to time, pursuant to which the Hedging Collateral is delivered by the Hedging Counterparty to the Custodian or if “2-Way Hedging Collateral Posting” is specified in the relevant Final Terms, by the Issuer to the Hedging Counterparty.

“**Credit Support Document**” means a Credit Support Annex or a Credit Support Deed, as specified in the relevant Final Terms.

“**Custodian**” means Deutsche Bank Luxembourg S.A. in the capacity of custodian and any successor, substitute or additional Custodian from time to time appointed.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Instrument for any period of time (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the relevant Final Terms, 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 Final Terms, the actual number of days in the Calculation Period divided by 365;

- (iii) if “**Actual/360**” is specified in the relevant Final Terms, 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 Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

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

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

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

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

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

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

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

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

where:

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

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

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

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

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

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

- (vii) If “**Actual/Actual (ICMA)**” is specified hereon:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
- (I) 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
  - (II) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

“**Deutsche Bank Group**” means a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies, whose parent company is Deutsche Bank Aktiengesellschaft.

“**Early Termination Amount**” means, in respect of General Condition 7.3 (*Mandatory cancellation*), General Condition 7.6 (*Cancellation for taxation and other reasons*), General Condition 12 (*Events of Default*) and the relevant Final Terms, an amount calculated in accordance with General Condition 7.2 (*Early Termination*).

“**Early Termination Interest Period**” means the Interest Period in which the Instruments become due and payable pursuant to General Condition 7.3 (*Mandatory cancellation*), General Condition 7.6 (*Cancellation for Taxation or other reasons*) or General Condition 12 (*Events of Default*).

“**Early Termination Unwind Costs**” means the sum (the result of which may be positive, negative or zero) of:

- (a) an amount, if any, determined by the Calculation Agent equal to (i) the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by any Hedging Counterparty (expressed as a positive amount) or (ii) the gain realised by any Hedging Counterparty (expressed as a negative amount), in either case in connection with the cancellation of the Instrument and the related termination, settlement or re-establishment of any hedge or related trading position (without duplication); and
- (b) (expressed as a positive amount) any legal and other ancillary costs (including if applicable, without limitation, any costs in relation to the realisation of the Collateral) incurred by the Issuer, the Trustee, the Custodian or any Hedging Counterparty as a result of the Instruments becoming subject to mandatory cancellation.

“**Early Termination Valuation Date**” means:

- (a) for the purposes of a cancellation under General Condition 7.3 (*Mandatory cancellation*) or General Condition 7.6 (*Cancellation for other reasons*), the Business Day immediately preceding the due date for cancellation; or
- (b) for the purposes of a cancellation under General Condition 12 (*Events of Default*), the due date for cancellation.

“**Effective Date**” means, with respect to any Interest Rate to be determined on an Interest Determination Date, the first day of the Interest Period to which such Interest Determination Date relates.

“**EUR-CMS**” means the annual swap rate for euro swap transactions, expressed as a percentage, which appears on the Reuters Screen ISDAFIX2 Page (or any Successor Source) under the heading “EURIBOR BASIS - EUR” and above the caption “11:00 AM FRANKFURT”.

“**EUR-LIBOR**” means the rate for deposits in EUR which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).

“**EURIBOR**” means the rate for deposits in EUR which appears on the Reuters Screen EURIBOR01 Page (or any Successor Source).

“**Euroclear**” means Euroclear Bank S.A./N.V.

“**Euro-zone**” means the region comprising the member states of the European Union that adopt and retain the euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended by the Treaty of European Union as amended by the Treaty of Amsterdam but excluding those members states acceded to the European Union after May 2004.

“**Event of Default**” means each of the events specified as such in General Condition 12 (*Events of Default*).

“**Extraordinary Resolution**” means a resolution passed at a meeting of Instrumentholders duly convened and held in accordance with the Series Instrument by a majority of at least 75 per cent. of the votes cast or a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in Aggregate Nominal Amount of the Instruments for the time being outstanding.

“**Final Redemption Amount**” means 100 per cent. per Calculation Amount per Instrument.

“**Final Terms**” means the final terms relating to a Series of Instruments as set out in the relevant Series Instrument.

“**First Index Level**” means, subject to the Index Adjustment Provisions in General Condition 22, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for the First Index Level Month specified in the Final Terms as determined by the Calculation Agent, without regard to any subsequently published correction.

“**First Index Level Month**” shall have the meaning given to it in the Final Terms.

“**GBP-LIBOR**” means the rate for deposits in GBP which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).

“**Global Instrument**” has the meaning given to that term in General Condition 3.1 (*Form of Instruments*).

“**Grace Period**” means a period of 14 days, or if “Collateral Matched Grace Period” is specified as “Applicable” in the relevant Final Terms, the period specified in the relevant Final Terms which shall be equal to the grace period applicable to the payment of any sum due in respect of the Collateral before a default may be declared.

“**Hedging Agreement**” means each hedging agreement between the Issuer and a Hedging Counterparty in respect of any Series of the Instruments on the terms of the ISDA Master Agreement (including the related schedule) set out in and/or incorporated by reference into the Series Instrument, as supplemented by (a) a confirmation, and (b) if so specified in the relevant Final Terms, a Credit Support Document, in each case, entered into by the Issuer and such Hedging Counterparty and dated the relevant Issue Date and as amended, restated and/or supplemented from time to time.

“**Hedging Agreement Termination Date**” means the date specified as such in the relevant Final Terms.

“**Hedging Collateral**” means such cash and/or government bonds and/or other assets delivered by the Hedging Counterparty to the Custodian from time to time pursuant to the terms of the Credit Support Document, if applicable.

“**Hedging Counterparty**” means Deutsche Bank AG London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom where it executes the Series Instrument in the capacity of Hedging Counterparty.

“**Index**” means the index specified in the Final Terms.

“**Index Sponsor**” means the sponsor of the Index specified in the Final Terms.

“**Instrumentholder Expenses**” means, in respect of an Instrument, all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, in each case payable by or on behalf of the Issuer and arising in connection with (i) the exercise of such Instrument and/or (ii) any payment and/or delivery due following exercise, cancellation, repurchase, redemption or otherwise in respect of such Instrument.

“**Interest Accrual Date**” means the dates specified as such in the relevant Final Terms.

“**Interest Amount**” means, in respect of each Instrument, an amount calculated by the Calculation Agent in accordance with General Condition 5 (*Interest*) and the relevant Final Terms.

“**Interest Component Adjustment Date**” means the date specified as such in the relevant Final Terms.

“**Interest Determination Date**” means, with respect to an Interest Period, the date specified as such in the relevant Final Terms.

“**Interest Distribution Amount**” means, if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, any payment of interest received by the Issuer in respect of the Collateral on a Collateral Payment Date.

“**Interest Payment Date**” means the dates specified as such in the relevant Final Terms.

“**Interest Period**” means the period commencing on (and including) the Issue Date (or the Primary Market End Date if so specified in the relevant Final Terms) to (but excluding) the first Interest Accrual Date and each period commencing on (and including) an Interest Accrual Date to (but excluding) the next following Interest Accrual Date and, if interest is required to be calculated for a period ending other than on (but excluding) the relevant Interest Accrual Date, the period commencing on (and including) the most recent Interest Accrual Date to (but excluding) the relevant payment date.

“**Interest Rate**” means, subject as provided below, (i) in respect of Fixed Rate Interest, the Fixed Rate as specified in the relevant Final Terms, or (ii) in respect of Floating Rate Interest, the rate of interest payable from time to time in respect of the Instruments calculated in accordance with the provisions of General Condition 5.2 (*Floating Rate Interest*) and adjusted to reflect any Maximum Interest Rate or Minimum Interest Rate specified in the Final Terms. In the case of Instruments in respect of which the relevant Final Terms specify that “Interest Component Adjustment” is Applicable, the Calculation Agent in its reasonable discretion may determine an adjustment to any component of the initial Interest Rate in accordance with its normal pricing methodology on the applicable Interest Component Adjustment Date.

“**Interest Rate Switch Date**” means each date specified as such in the relevant Final Terms.

“**Issue Date**” means the date specified as such in the relevant Final Terms.

“**Issuer**” means the Company acting in respect of a compartment.

“**Keepwell Agreement**” means an agreement evidencing an undertaking by a Collateral Support Provider to ensure that a Collateral Obligor has sufficient funds to meet its obligations under the Collateral or a Collateral Item, as the case may be.

“**Leverage Factor**” means, where applicable, the number specified in the relevant Final Terms. In the case of Instruments in respect of which the relevant Final Terms specify that “Interest Component Adjustment” is Applicable, the Calculation Agent, may, if applicable, in its reasonable discretion determine an adjustment to the initial Leverage Factor in accordance with its normal pricing methodology on the applicable Interest Component Adjustment Date.

“**Linear Interpolation**” means the straight-line interpolation by reference to two rates based on the Relevant Rate, one of which will be determined as if the Specified Duration were the period of time for which rates are available next shorter than the length of the affected Interest Period and the other of which will be determined as if the Specified Duration were the period of time for which rates are available next longer than the length of such Interest Period.

“**Luxembourg**” means the Grand Duchy of Luxembourg.

“**Market Value Collateral**” means, in respect of each item of Collateral, (i) where the Collateral has not been redeemed, an amount in the relevant Collateral Currency calculated by the Calculation Agent equal to the highest firm bid quotation obtained by the Calculation Agent from the Reference Banks for the Collateral (excluding accrued but unpaid interest in respect thereof), on the relevant Early Termination Valuation Date provided that if no firm bid is obtained, the Market Value Collateral shall be calculated by the Calculation Agent in good faith and may in certain circumstances be zero, or (ii) in circumstances where the Collateral has been redeemed, the proceeds of redemption of the Collateral.

“**Maturity Date**” means (a) if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, the Scheduled Maturity Date or the Postponed Maturity Date, as the case may be, or (b) otherwise, the maturity date of the Instruments, as specified in the relevant Final Terms.

“**Net Proceeds**” means the net proceeds of the realisation of the security created pursuant to the Series Instrument.

“**Notice Period**” means the number of days specified as the Notice Period in the relevant Final Terms.

“**Option Premium**” means the premium payable to the Hedging Counterparty by the Issuer in respect of an option contained in the Hedging Agreement as further described in the relevant Final Terms.

“**Optional Redemption Amount**” means the amount specified in the relevant Final Terms.

“**Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Monitor Money Rates Service (“**Reuters**”) and the Bloomberg service (“**Bloomberg**”)) as may be specified as such in the relevant Final Terms for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other page as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

“**Pass-through Period**” means, if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, the period from and including the Scheduled Maturity Date to and including the Postponed Maturity Date.

“**Paying Agent**” means the person(s) executing the Agency Agreement in the capacity of paying agent and any successor, substitute or additional Paying Agent from time to time appointed.

“**Payment Day**” means any day which is (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and

foreign currency deposits) in the relevant place of presentation and London and Luxembourg; and (ii) either (1) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of such currency (if other than the place of presentation) or (2) in relation to any sum payable in euro, a day that TARGET2 is open.

“**Permitted Indebtedness**” has the meaning given to that term in General Condition 10.1.1.

“**Permitted Investments**” has the meaning given to that term in General Condition 10.1.1.

“**Postponed Maturity Date**” shall have the meaning given to such term in General Condition 7.1.2.

“**Potential Event of Default**” means an event which, with the giving of notice and/or lapse of time and/or the forming of an opinion and/or the giving of any certificate and/or the making of any determination, would become an Event of Default.

“**Principal Distribution Amount**” means, if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, any payment of principal received by the Issuer in respect of the Collateral on a Collateral Payment Date.

“**Primary Market End Date**” has the meaning given to it in the relevant Final Terms.

“**Principal Agent**” means the person executing the Series Instrument for the purpose of entering into the Agency Agreement in the capacity of issuing and paying agent and any successor, substitute or additional Principal Agent from time to time appointed.

“**Purchase Agreement**” means the purchase agreement in respect of the Instruments pursuant to which the Instruments are purchased by the Purchaser on the Issue Date, entered into by the Issuer and the Purchaser by their execution of the Series Instrument, as amended, restated and/or supplemented from time to time.

“**Purchaser**” means the person (if any) executing the Series Instrument in the capacity of purchaser. “**Redemption Amount**” means the Final Redemption Amount, Early Termination Amount or Optional Redemption Amount, as applicable.

“**Redemption Date**” means the Maturity Date, the Optional Redemption Date or the date on which any Early Termination Amount is due to be paid, as applicable.

“**Reference Banks**” means Deutsche Bank AG and two banks unaffiliated to Deutsche Bank AG designated by the Calculation Agent at the relevant time.

“**Regulation S**” means Regulation S of the Securities Act.

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre specified as such in the Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark Rate is most closely connected or, if none is so connected or if the Specified Currency is euro, London.

“**Relevant Rate**” means, if “Benchmark Rate” is specified in the applicable Final Terms, the Benchmark Rate for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark Rate) equal to the Specified Duration commencing on the Effective Date provided that, if the Relevant Rate is specified as “Structured Floating Rate (SD1 – SD2)” in the applicable Final Terms, the Relevant Rate shall be (i) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to SD1 specified in the applicable

Final Terms, minus (ii) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to SD2 specified in the applicable Final Terms, each as determined in accordance with General Condition 5.2.3(b).

“**Relevant Rating Agency**” means, in respect of a series of Instruments, each rating agency specified as such in the relevant Final Terms.

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if none is specified, the local time in the Relevant Financial Centre (or, if the Relevant Financial Centre is the Euro-zone, Central European Time) at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre.

“**Repayable Collateral Item**” means a Collateral Item that has become repayable in accordance with General Condition 7.3 (*Mandatory Cancellation*).

“**Representative Amount**” means, in relation to any Floating Rate Interest to be calculated in accordance with General Condition 5.1, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“**Scheduled Maturity Date**” shall have the meaning given to such term in General Condition 7.1.

“**Second Index Level**” means, subject to the Index Adjustment Provisions in General Condition 22, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for the Second Index Level Month specified in the Final Terms as determined by the Calculation Agent, without regard to any subsequently published correction.

“**Second Index Level Month**” shall have the meaning given to it in the Final Terms.

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Securitisation Act 2004**” means the Luxembourg act dated 22 March 2004 on securitisation, as amended.

“**Selling Agent**” means the person executing the Agency Agreement in the capacity of selling agent and any successor, substitute or additional Selling Agent from time to time appointed.

“**Series**” means a series of Instruments.

“**Series Assets**” means the Collateral and the other property, assets and/or rights of the Issuer so specified to be Series Assets in the Series Instrument for the relevant Series of Instruments and which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Trustee pursuant to the Series Instrument. The Series Assets shall have characteristics whereby, taken together, they demonstrate a capacity to produce funds to service the Issuer’s obligations to make payments due and payable under the Instruments.

“**Series Instrument**” means the Series Instrument dated the Issue Date of the relevant Series made between, *inter alios*, the Issuer and the Trustee, by which such Series of Instruments is constituted and secured, as amended, restated and/or supplemented from time to time.

“**Series Parties**” means the Instrumentholders, the Trustee, the Custodian and any Hedging Counterparty, all of whom expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and, in particular, the provisions on limited recourse, no petition,

subordination, waterfall and priority of payments as included in the General Conditions, this Base Prospectus and the relevant Final Terms.

“**Servicer**” means Deutsche Bank Luxembourg S.A. in the capacity of servicer and any successor, substitute or additional Servicer from time to time appointed

“**Shortfall**” means the amount, if any, by which the amount of the Net Proceeds is less than the payments which would, but for the provisions of General Condition 8.10 (*Realisation of the Series Assets*), have been due under the Instruments and each Hedging Agreement and/or to any other Series Parties.

“**Specified Denomination**” means the denomination(s) specified in the relevant Final Terms.

“**Specified Duration**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the period of 3 months, 6 months, 12 months, 1 year, 2 years, 5 years, 10 years or 30 years, specified in the relevant Final Terms.

“**Specified Office**” means, in relation to an Agent, the office identified with its name in the applicable Final Terms or such other office as may otherwise be determined pursuant to the Series Instrument.

“**Substitute Company**” has the meaning given to that term in General Condition 14.4 (*Substitution*).

“**Successor Index**” has the meaning given to that term in General Condition 22.2.1, 22.2.3 or 22.2.4, as applicable.

“**Successor Source**” means, in respect of a page, screen or other published source, (i) any successor display page, other published source, information vendor, service or provider that has been officially designated by the sponsor of the original page or source, or (ii) if the sponsor has not officially designated a successor display page, other published source, information vendor, service or provider (as the case may be), the successor display page, other published source, information vendor, service or provider, if any, designated by the relevant information vendor, service or provider (if different from the sponsor).

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer System.

“**Trustee**” means Deutsche Trustee Company Limited of Winchester House, 1 Great Winchester Street, London EC2N 2DB and any successor, substitute or additional Trustee from time to time appointed.

“**US Persons**” or individually a “**US Person**” has the meaning given to that term in Rule 902 under the Securities Act.

“**USD-CMS**” means the annual swap rate for USD swap transactions, expressed as a percentage, which appears on the Reuters Screen ISDAFIX1 Page (or any Successor Source) under the heading “USD 11:00 AM” and above the caption “<USDSFIX=>”.

“**USD-LIBOR**” means the rate for deposits in USD which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).

## 2 Interpretation

Words and expressions defined in the Series Instrument or the Agency Agreement or used in the relevant Final Terms shall have the same meanings where used in these General Conditions unless the context otherwise requires or unless otherwise stated. In the event of inconsistency between the Agency Agreement and the

Series Instrument, the Series Instrument shall prevail and in the event of inconsistency between the Agency Agreement or the Series Instrument and the relevant Final Terms, the relevant Final Terms shall prevail.

Reference in these General Conditions to “**Instruments**” means the Instruments of the same Series unless express reference is made to another or more than one Series and these General Conditions therefore apply separately to each Series. A Series of Instruments comprises Instruments issued by the Issuer on the same date, and on the same terms (including as to interest (if any)) and identified in the relevant Final Terms as forming a Series, together with any further Instruments issued pursuant to General Condition 16 (*Further Issues*) and being consolidated and forming a single series with such Instruments.

The terms “**Instruments**”, “**holder of Instruments**” and “**Instrumentholder**” shall be construed in accordance with General Condition 3.2 (*Title and Transfer*).

In these General Conditions, in the Series Instrument and in the relevant Final Terms, the term “outstanding” means, in relation to a Series of Instruments, all the Instruments of that Series issued except (a) those which have been redeemed in accordance with the General Conditions, (b) those in respect of which the date for redemption in accordance with the General Conditions has occurred and the redemption moneys (including premium, if any, and all interest accrued thereon to the date for such redemption and any interest payable under the General Conditions after such date) have been duly paid, (c) those which have become void and those in respect of which claims have become prescribed in accordance with the General Conditions, (d) those which have been purchased and cancelled as provided in the General Conditions, (e) those mutilated or defaced Instruments which have been surrendered in exchange for replacement Instruments, and (f) (for the purpose only of determining how many Instruments are outstanding and without prejudice to their status for any other purpose) those Instruments alleged to have been lost, stolen or destroyed and in respect of which replacement Instruments have been issued; provided that for the purposes of (1) the exercise of any right of the relevant Instrumentholders (other than to payment), (2) the determination of how many Instruments are outstanding for the purposes of the provisions in the Series Instrument relating to the holding of meetings of Instrumentholders, the provision by the Instrumentholders of a resolution in writing or any other direction or request thereof or ascertaining whether a requirement under the Series Instrument or the General Conditions for a specified percentage of the Aggregate Nominal Amount of the Instruments outstanding has been satisfied and (3) the exercise of any discretion, power or authority which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Instrumentholders of Instruments, those Instruments which are beneficially held by or on behalf of the Issuer and not cancelled shall (unless no longer so held) be deemed not to remain outstanding.

In these General Conditions, in the Series Instrument and in the relevant Final Terms, the terms “**rated**” and “**rating**” shall denote ratings by each Relevant Rating Agency.

### **3 Form and Title**

#### **3.1 Form of Instruments**

The Instruments will be issued in bearer and in the Specified Denomination specified in the relevant Final Terms.

Each Series of Instruments will either (a) initially be represented by interests in a temporary global instrument (a “**Temporary Global Instrument**”) or (b) be represented by a permanent global instrument (a “**Permanent Global Instrument**”) and together with a Temporary Global Instrument, each a “**Global Instrument**”), in each case in bearer form, without interest coupons, which will be deposited on the relevant Issue Date with the Clearing Agent or its depositary or custodian. Instruments which are initially represented by a Temporary Global Instrument that is deposited with

the Clearing Agent or its depository or custodian will be issued in compliance with U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”). Instruments which are not initially represented by a Temporary Global Instrument will be issued in compliance with U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”). On and after the date specified in the relevant Temporary Global Instrument, interests in a Temporary Global Instrument may be exchanged for interests in a Permanent Global Instrument in accordance with the provisions in such Global Instruments.

The following legend will appear on all Instruments having an original maturity of more than 365 days from their date of issue:

“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.

NO U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) MAY BENEFICIALLY OWN ANY PORTION OF THIS OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION.”

The following legend will appear on all Instruments having an original maturity of not more than one year from their date of issue:

“THIS SECURITY RELATES TO INSTRUMENTS WITH A MATURITY OF NOT MORE THAN ONE YEAR FROM THE DATE OF ISSUE. BY ACCEPTING THIS OBLIGATION THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER).

NO U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) MAY BENEFICIALLY OWN ANY PORTION OF THIS OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION.”

This legend provides that United States holders, with certain exceptions, will not be entitled to deduct any loss on Instruments and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Instruments.

A Global Instrument issued in respect of a Series of Instruments may only be exchanged for Instruments in definitive form in certain limited circumstances as set out in the relevant Global Instrument for such Series of Instruments.

### **3.2 Title and Transfer**

For so long as any of the Instruments are represented by Global Instruments held on behalf of a Clearing Agent, each person (other than another Clearing Agent) who is for the time being shown in

the records of the relevant Clearing Agent as the holder of an aggregate nominal amount of such Instruments (in which regard any certificate or other document issued by the relevant Clearing Agent as to the aggregate nominal amount of Instruments standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated to the full extent permitted by applicable laws and unless otherwise ordered by a court of competent jurisdiction by the Issuer, the Trustee and the Agents as the holder of such aggregate nominal amount or number of the Instruments and for all purposes other than with respect to the payment of principal or interest on such aggregate nominal amount of the Instruments, the rights to which shall be vested solely in the bearer of the Global Instrument and for which purpose such bearer shall be deemed to be the holder of such aggregate nominal amount of the Instruments (and the terms “**Instruments**”, “**holder of Instruments**”, “**Instrumentholder**” and related expressions shall be construed accordingly) for all purposes. In the event that Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt are appointed as Clearing Agents, Deutsche Bank AG, London Branch will act as depositary. Global Instruments will be transferable in accordance with applicable law and any rules and procedures for the time being of the relevant Clearing Agent.

### **3.3 Transfer and Exchange of Instruments**

Instruments of one Specified Denomination may not be exchanged for Instruments of another Specified Denomination.

Transfers of a Global Instrument shall be limited to transfers of such Global Instrument, in whole but not in part, to the relevant Clearing Agent or its custodian or nominee or to a successor to such Clearing Agent.

### **3.4 Exchange and transfer free of charge**

Exchange and transfer of Instruments on transfer will be effected without charge by or on behalf of the Issuer, but upon payment by the relevant Instrumentholder of any tax or other governmental charges which may be imposed in relation to it.

### **3.5 Denomination, Currency and Number**

The applicable Final Terms will specify, among other things, the denomination or denominations (each, a “**Specified Denomination**”) in which such Instruments are issued, the Aggregate Nominal Amount, the Issue Price, the currency in which payment in respect of the Instruments is to be made (each a “**Specified Currency**”) and the Calculation Amount per Instrument as at the Issue Date.

## **4 Status**

The Instruments are limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves, which are subject to the provisions of the Securitisation Act 2004 and secured in the manner described in General Condition 8 (*Series Assets, Collateral and Security*) and recourse in respect of which is limited in the manner described in General Condition 8.10 (*Realisation of the Series Assets*).

## **5 Interest**

### **5.1 Fixed Rate Interest**

Each Instrument bears interest on the Calculation Amount per Instrument, from the Issue Date, the Primary Market End Date or an applicable Interest Rate Switch Date, if applicable, (as specified in the relevant Final Terms) at the rate per annum (expressed as a percentage) equal to the Interest Rate, such

interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with General Condition 5.5 (*Interest Calculations and Determinations*).

## **5.2 Floating Rate Interest**

### **5.2.1 Interest Rate**

Each Instrument bears interest on its Calculation Amount per Instrument, from the Issue Date, the Primary Market End Date or an applicable Interest Rate Switch Date, if applicable, (as specified in the relevant Final Terms) at the rate equal to the Interest Rate multiplied by any applicable Leverage Factor (as specified under the “Structured Floating Rate (Leverage Factor)” in the relevant Final Terms), such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with General Condition 5.5 (*Interest Calculations and Determinations*).

### **5.2.2 Business Day Convention**

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

### **5.2.3 Determination of Interest Rate**

- (a) **Screen Rate Determination:** If “Screen Rate Determination” is marked as “Applicable” in the relevant Final Terms, the Interest Rate for each Interest Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as the Relevant Rate appearing on the Page at the Relevant Time on the Interest Determination Date plus the Margin (if applicable) and shall be subject to any Maximum Interest Rate and/or Minimum Interest Rate specified in the relevant Final Terms. For the avoidance of doubt the Interest Rate may be a sum of or combination of more than one Relevant Rate (plus any applicable Margin) if so specified in the relevant Final Terms.

If no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Relevant Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent.

If no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Relevant Rate shall

be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark Rate) in respect of a loan of a Representative Amount of the Specified Currency which at least two out of five leading banks selected by the Calculation Agent in the Relevant Financial Centre are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading European banks, or, if the Calculation Agent determines that fewer than two of such banks are so quoting to leading European banks (y) to leading banks carrying on business in the Relevant Financial Centre: except that, if fewer than two of such banks are so quoting to leading banks in the Relevant Financial Centre, the Relevant Rate shall be the Relevant Rate determined on the immediately preceding Interest Determination Date.

- (b) **CMS Rates Determination:** If “CMS Rates Determination” is marked as “Applicable” in the relevant Final Terms, the Interest Rate for each Interest Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as the Relevant Rate appearing on the Page at the Relevant Time on the Interest Determination Date plus the Margin (if applicable) and shall be subject to any Maximum Interest Rate and/or Minimum Interest Rate specified in the relevant Final Terms. For the avoidance of doubt the Interest Rate may be a sum of or combination of more than one Relevant Rate (plus any applicable Margin) if so specified in the relevant Final Terms.

If no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Relevant Rate shall be a percentage determined on the basis of the mid-market annual swap rate quotations provided by each of the Reference Banks quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent. For this purpose, the mid-market annual swap rate means the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated in accordance with the applicable Day Count Fraction, of a fixed-for-floating interest rate swap transaction denominated in the Specified Currency with a term of equal to the Specified Duration commencing on the Interest Determination Date and in a Representative Amount that is representative of a single transaction in that market at the relevant time with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated in accordance with the applicable Day Count Fraction, is equivalent to the Specified Duration. The Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that Interest Determination Date will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

- (c) **Range Accrual:** If “Structured Floating Rate (Range Accrual)” is marked as “Applicable” in the relevant Final Terms, the Interest Rate for each Interest Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as the sum of:

Specified Rate x (N/D)

where:

“**D**” means the actual number of Business Days in the relevant Interest Period;

“**Maximum Range Percentage**” is as set out in the relevant Final Terms;

“**Minimum Range Percentage**” is as set out in the relevant Final Terms;

“**N**” means the number of Business Days in the relevant Interest Period on which the Relevant Rate (as determined in accordance with General Condition 5.2.3(a) above, but read as if “the Interest Determination Date” is replaced with “each Business Day”) is greater than or equal to the Minimum Range Percentage and less than or equal to the Maximum Range Percentage; and

“**Specified Rate**” is as set out in the relevant Final Terms.

- (b) **Inflation Rate Determination:** If “Inflation Rate Determination” is marked as “Applicable” in the relevant Final Terms, the Interest Rate for each Interest Period (other than the Early Termination Interest Period) will be determined by the Calculation Agent on the Interest Determination Date in respect of such Interest Period as the Inflation Rate in respect of such Interest Period plus the Margin (if applicable) and shall be subject to any Maximum Interest Rate and/or Minimum Interest Rate specified in the relevant Final Terms. The Inflation Rate in respect of an Interest Period shall be the amount determined by the Calculation Agent to be equal to (a) the Second Index Level divided by the First Index Level minus (b) 1, subject to a minimum of zero.

The Index Adjustment Provisions shall apply to the Instruments in the event that there is a delay in publication of the Index, the Index ceases to be published or announced, the Index is rebased, there is a material modification in the Index or a manifest error in the published level of the Index. These provisions allow, amongst other things, for the Calculation Agent to determine a substitute Index level, designate a replacement Index and make adjustments to the Index and/or the terms of the Instruments.

### **5.3 Interest accrual**

Interest will cease to accrue on each Instrument on the due date for redemption or for cancellation, as the case may be, unless upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Interest Rate multiplied by any applicable Leverage Factor determined in accordance with the applicable method as set out in the relevant Final Terms to the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Instrumentholders in accordance with General Condition 17 (*Notices and Provision of Information*) that, upon further presentation of the Global Instrument being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

### **5.4 Interest Rate Switch**

If so provided in the relevant Final Terms for a Series of Instruments, from and including an Interest Rate Switch Date (each as specified in the relevant Final Terms), the Interest Rate applicable for the calculation of interest for each subsequent Interest Period with respect to the Instruments shall be the rate specified as applying from and including such Interest Rate Switch Date in the Final Terms and the previous Interest Rate applicable to the Instruments shall no longer apply. For the avoidance of doubt there may be more than one Interest Rate Switch Date applicable to a Series of Instruments.

### **5.5 Interest Calculations and Determinations**

- 5.5.1 The amount of interest payable per Calculation Amount in respect of any Instrument for any Interest Period shall be equal to the product of the Interest Rate, any applicable Leverage Factor, the Calculation Amount specified in the relevant Final Terms, and the Day Count Fraction for such Interest Period, unless an Interest Amount is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Instrument for such Interest Period shall equal such Interest Amount. 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. In respect of any short or long Interest Period as specified in the applicable Final Terms, the Calculation Agent will either determine the Interest Rate using Linear Interpolation or using the applicable Relevant Rate on the Interest Determination Date.
- 5.5.2 As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to obtain any quotation or make any determination or calculation, the Calculation Agent will determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, the Principal Agent, each of the Paying Agents, the Instrumentholders and, for so long as the Instruments are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as possible after their determination but in no event later than (i) (except in the case of notices to the Instrumentholders, for Instruments where the “Structured Floating Rate (Range Accrual)” shall apply as specified in the relevant Final Terms and for Instruments where the Interest Determination Date is specified to be a date falling after the commencement of the relevant Interest Period) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate, Interest Payment Date and Interest Amount, (ii) in the case of Instruments where the “Structured Floating Rate (Range Accrual)” shall apply as specified in the relevant Final Terms and Instruments where the Interest Determination Date is specified to be a date falling after the commencement of the relevant Interest Period, the Interest Payment Date in relation to such Interest Period or (iii) in all other cases, the fourth Business Day after such determination. Except in the case of Instruments where the “Structured Floating Rate (Range Accrual)” shall apply as specified in the relevant Final Terms, the Interest Amount and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made with the prior written consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.
- 5.5.3 If the Instruments become due and payable under General Condition 7.3 (*Mandatory cancellation*) or General Condition 12 (*Events of Default*), the accrued interest and the Interest Rate payable in respect of the Instruments shall nevertheless continue to be calculated as previously in accordance with this General Condition 5.5 but no notification of the Interest Rate or the Interest Amount so calculated needs to be made unless the Trustee otherwise requires, provided that, in the case of:
- (i) Instruments where the “Structured Floating Rate (Range Accrual)” shall apply as specified in the relevant Final Terms;
  - (ii) Instruments where “Structured Floating Rate (Inflation Index Linked Rate)” shall apply as specified in the relevant Final Terms; and

(ii) Instruments where the Interest Determination Date is specified to be a date falling after the commencement of the relevant Interest Period,

the Interest Rate for the applicable Early Termination Interest Period will, (A) if so specified in the applicable Final Terms, be zero, or (B) if so specified in the applicable Final Terms, be determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate, or Second Index Level (as applicable) that would have been published on or around the next Interest Determination Date. 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.

- 5.5.4 If the Calculation Agent does not at any time for any reason determine or calculate the Interest Rate for an Interest Period or any Interest Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this General Condition 5.5.4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

## 5.6 Margin, Maximum/Minimum Interest Rates and Rounding

- 5.6.1 If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Period), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Period, in the case of (y), calculated in accordance with General Condition 5.2 (*Floating Rate Interest*) 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.
- 5.6.2 If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms, then each Interest Rate as multiplied by any applicable Leverage Factor shall be subject to such Maximum Interest Rate or Minimum Interest Rate, as the case may be.
- 5.6.3 For the purposes of any calculations required pursuant to these General Conditions, (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 any country of such currency.

## 5.7 Zero Coupon Instruments

Where, in the relevant Final Terms, the Interest Basis is specified to be “Zero Coupon” the Instruments shall not bear any interest prior to the Maturity Date. If such Instruments become repayable prior to the Maturity Date and the amount due is not paid, the amount due and payable prior to the Maturity Date shall be the Early Termination Amount of such Instrument. As from the Maturity Date, the Interest Rate for any overdue principal of such a Instrument shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield.

## 5.8 Interest during Pass-through Period

Notwithstanding anything to the contrary in these General Conditions, during the Pass-through Period in relation to any Instrument in respect of which “Collateral Maturity Postponement Adjustment” is specified in the relevant Final Terms as being “Applicable”, interest will be payable in an amount equal to such Instrument’s pro rata share of any amount of interest received by the Issuer in respect of the Collateral from time to time during such Pass-through Period. Any such amounts of interest shall be payable on the day falling three Business Days after the relevant Collateral Payment Date.

## **5.9 Interest Component Adjustment**

Where, in the relevant Final Terms, “Interest Component Adjustment” is specified to be Applicable, the Calculation Agent in its reasonable discretion may determine an adjustment to any one or more of the initial Interest Rate, the Margin, any applicable Minimum Interest Rate, any applicable Maximum Interest Rate or the Leverage Factor, as specified in the applicable Final Terms, in accordance with its normal pricing methodology on each specified Interest Component Adjustment Date. In such circumstances, the Calculation Agent shall determine any adjustment to any such component(s) by reference to such prevailing market conditions as it determines appropriate on the relevant Interest Component Adjustment Date which may, in particular, include the value and volatility of the Collateral, credit spreads on the issuer of the Collateral and the level of interest rates and interest rate swap rates, all as of the relevant Interest Component Adjustment Date. Following adjustment of any component of and/or the Interest Rate, the Issuer shall cause a notice of the Interest Rate to be published on the website of the relevant Purchaser and, in relation to Instruments that are listed on the Luxembourg Stock Exchange, published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), in each case no later than the first Business Day following the applicable Interest Component Adjustment Date.

## **6 Payments, Instrumentholder Expenses and Taxation**

### **6.1 Payments in respect of Instruments in definitive form**

Payments of principal and interest in respect of Instruments in definitive form shall, subject as mentioned below, be made against presentation and surrender of the relevant Instruments at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in such currency with a Bank nominated by such holder presenting such Instrument. “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

### **6.2 Payments in the United States**

Notwithstanding the foregoing, if any Instruments are denominated in US 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 Instruments in the manner provided above when due, (ii) payment in full of such amounts at all such offices is not 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.

### **6.3 Payments in respect of Global Instruments**

No payment falling due after the date of exchange will be made on any Global Instrument unless exchange for an interest in a Permanent Global Instrument or for Instruments in definitive form is improperly withheld or refused. Payments on any Temporary Global Instrument issued in compliance with the TEFRA D Rules before the date of exchange 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 Instruments represented by a Global Instrument will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Instruments, surrender of that Global Instrument to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Instrumentholders for such purpose. A record of each payment so made will be endorsed on each Global Instrument, which endorsement will be prima facie evidence that such payment has been made in respect of the Instruments. For the purpose of any payments made in respect of a Global Instrument, the words “in the relevant place of presentation,” shall not apply in the definition of Payment Day.

#### **6.4 Payments subject to law, etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. Redemption of the Instruments is subject to all applicable laws, regulations and practices in force on any relevant date of redemption and neither the Issuer nor the Trustee nor any Agent shall incur any liability whatsoever if the Issuer or the Agent is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Trustee nor the Principal Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Instruments.

#### **6.5 Instrumentholder Expenses**

In respect of each Instrument, all Instrumentholder Expenses in respect thereof shall be for the account of the relevant Instrumentholder and any payment or delivery in respect of an Instrument shall only be made after all Instrumentholder Expenses in respect thereof have been paid or otherwise accounted for to the satisfaction of the Issuer.

#### **6.6 Taxation**

All payments and/or deliveries in respect of the Instruments will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Instrumentholder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer (or agreement to transfer), any payment and/or any delivery (or any agreement for delivery) in respect of the Instruments held by such Instrumentholder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable or, as the case may be, any delivery due to the Instrumentholder, such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

#### **6.7 Non-Payment Days**

If any date for payment in respect of any Instrument is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment.

## 7 Redemption and Purchase

### 7.1 Redemption at Maturity

#### 7.1.1 No Collateral Maturity Postponement

Subject to General Condition 7.1.2, unless previously redeemed or purchased and cancelled, each Instrument will be redeemed by the Issuer by payment of the Final Redemption Amount on the Maturity Date (or, in the case of Instruments in respect of which “Collateral Maturity Postponement Adjustment” is specified in the relevant Final Terms to be “Applicable”, on the Scheduled Maturity Date).

#### 7.1.2 Collateral Maturity Postponement Adjustment

Where “Collateral Maturity Postponement Adjustment” is specified in the relevant Final Terms to be “Applicable” to an item of Collateral, in the event that the scheduled maturity date of such item of Collateral is postponed to a later date (the “**Postponed Collateral Maturity Date**”) pursuant to the terms and conditions of such Collateral, the Maturity Date shall be postponed to the date that is three Business Days following (a) the Postponed Collateral Maturity Date or (b) any date following the Scheduled Maturity Date and prior to the Postponed Collateral Maturity Date on which such Collateral is redeemed in full (either such date, the “**Postponed Maturity Date**”). In such circumstances, during the related Pass-through Period, an amount equal to each Principal Distribution Amount (if any) shall be paid to the Instrumentholders three Business days following the relevant Collateral Payment Date by way of repayment of principal of the Instruments, such amount to be paid to each Instrumentholder pro rata to the principal amount of Instruments held by each Instrumentholder.

The Issuer shall notify the Instrumentholders (in accordance with General Condition 17 (*Notices and Provision of Information*), the other Series Parties and the Relevant Rating Agency as soon as reasonably practicable after it becoming aware that pursuant to the terms and conditions of the relevant Collateral, the scheduled maturity date of the relevant Collateral has been postponed and that the Maturity Date of either (a) the whole of the Instruments (where there is a single item of Collateral) or (b) the principal amount of the Instruments corresponding to the proportion of Collateral with a Postponed Collateral Maturity Date (the “**Affected Collateral**”) (where “Multiple Collateral Issue” is specified as “Applicable” in the relevant Final Terms) has been postponed to the Postponed Maturity Date. Any failure by the Issuer to notify such parties shall not affect the validity or effectiveness of the postponement of the Maturity Date nor give rise to any rights in any such party.

Where (b) applies, the principal amount of the Instruments that correspond to the proportion of Collateral that is not Affected Collateral will be redeemed in accordance with General Condition 7.1.1.

### 7.2 Early Termination

The Early Termination Amount (if any) due in respect of each Instrument payable in respect of any Instrument following the occurrence of an Event of Default, upon redemption of such Instrument in accordance with General Condition 7.3 (*Mandatory cancellation*) or General Condition 7.6 (*Cancellation for taxation and other reasons*), shall be an amount equal to such Instrument’s *pro rata* share of an amount in the Specified Currency (which may never be less than zero) determined by the Calculation Agent in accordance with the following formula:

$$(A - B)$$

Where:

“**A**” is the Market Value Collateral, converted into the Specified Currency (if applicable) at the relevant exchange rate applicable at such time, as determined by the Calculation Agent in its reasonable discretion; and

“**B**” is the Early Termination Unwind Costs

Where:

“**Option Premium**” is specified as “Applicable” in the relevant Final Terms, the Early Termination Unwind Costs shall include any amounts payable by the Issuer to the Hedging Counterparty in respect of the Option Premium.

### 7.3 Mandatory cancellation

The Instruments will be cancelled in whole or in part (as specified below in this General Condition 7.3) if:

- 7.3.1 any of the Collateral becomes repayable (otherwise than at the option of the relevant Collateral Obligor in accordance with the terms of the Collateral) or becomes capable of being declared due and payable prior to its stated date of maturity for whatever reason; or
- 7.3.2 there is a default, event of default or other similar event or circumstance has occurred in respect of any of the Collateral (howsoever described and including, without limitation, a failure to pay any principal or interest when and where due in accordance with the terms of the Collateral as at the Issue Date and further provided that if any of the Collateral comprises asset-backed securities then any deferral of interest or other payment thereunder in accordance with the terms thereof shall not constitute a “default” for the purposes of this General Condition 7.3.2); or
- 7.3.3 if “Collateral Put/Call Redemption Event” is specified as “Applicable” in the relevant Final Terms, if any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with the terms of such Collateral,

all such Collateral which has become so repayable or capable of being declared due and repayable prior to its stated maturity or in respect of which there is a payment default together with all remaining Collateral or, if so specified in the Conditions or if “Multiple Collateral Issue” is specified as “Applicable” in the relevant Final Terms and the relevant Repayable Asset will be a Repayable Collateral Item, a part thereof only (which may or may not form obligations of the same person as those which have become repayable or in respect of which there has been such a payment default) shall be deemed to have become immediately repayable (the “**Repayable Assets**”).

Upon the occurrence of any event described in General Condition 7.3.1 or 7.3.2 or 7.3.3, the Issuer shall forthwith give not more than 30 nor less than 15 days’ notice to the Trustee, the Instrumentholders, any Hedging Counterparty and, for as long as the Instruments are listed on a stock exchange and the rules of such stock exchange so require, such stock exchange, specifying the Aggregate Nominal Amount of the Instruments to be cancelled, the principal amount of the Repayable Assets and the due date for cancellation. Upon expiry of such notice: (i) the Issuer shall redeem each Instrument in whole or, as the case may be, in part on a *pro rata* basis in each case at its Early Termination Amount (which, for the avoidance of doubt, if indicated as such in the relevant Final Terms, shall include accrued interest to the date fixed for cancellation); the nominal amount of each Instrument shall be reduced in a proportion equal to the proportion that (a) the principal amount of the Repayable Assets which are the subject of such notice bears to (b) the principal amount of the

Collateral (which, for the avoidance of doubt, shall include the Repayable Assets which have not, at the date of the giving of the notice, been the subject of any previous such notice); and (ii) the security constituted by or created pursuant to the Series Instrument over the Repayable Assets shall become enforceable.

Interest shall continue to accrue on the part of the principal amount of interest-bearing Instruments which have become due for cancellation until payment thereof has been made to the Trustee and notice is given in accordance with General Condition 17 (*Notices and Provision of Information*) that such amount is available for payment. Failure to make any payment due in respect of a mandatory cancellation under this General Condition 7.3 of part of the principal amount of the Instruments or interest thereon shall not constitute an Event of Default under General Condition 12 (*Events of Default*).

In the event of such cancellation and the security constituted by or created pursuant to the Series Instrument becoming enforceable, the Trustee may take such action as is provided in General Condition 8.8.1 and shall do so if so requested or directed in accordance with the provisions of such General Condition (subject in each case to its being indemnified and/or secured in accordance with such General Condition and provided always that the Trustee shall not be required to do anything which is contrary to any applicable law).

#### **7.4 Redemption at option of the Issuer on void transfer or other disposition**

**7.4.1** Any transfer or other disposition of any legal or beneficial ownership interest in an Instrument to:

- (a) a U.S. person as defined in Rule 902(k)(1) of Regulation S of the Securities Act;
- (b) a person who comes within any definition of U.S. person for the purposes of the Commodity Exchange Act of 1936, as amended, or any rule, guidance or order proposed or issued by the Commodity Futures Trading Commission (the “CFTC”) thereunder (including but not limited to any person who is not a “Non-United States person” under CFTC Rule 4.7(a)(1)(iv) (excluding for purposes of CFTC Rule 4.7(a)(1)(iv)(D) the exception for qualified eligible persons who are not “Non-United States persons”)); or
- (c) a “resident of the United States” for purposes of, and as defined in implementing regulations proposed or issued under, Section 13 of the Bank Holding Company Act of 1956, as amended (any such person or account, a “**Non-Permitted Transferee**”),

will be void *ab initio* and of no legal effect whatsoever. Accordingly, any purported transferee of any legal or beneficial ownership interest in an Instrument in such a transaction will not be entitled to any rights as a legal or beneficial owner of such interest in such Instrument.

**7.4.2** Any transfer or other disposition of any legal or beneficial ownership interest in an Instrument to (i) an employee benefit plan (as defined in section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended, (ERISA)), whether or not subject to ERISA; (ii) a plan described in section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended; or (iii) an entity whose underlying assets include plan assets by reason of a plan's investment in the entity under US Department of Labor Regulations § 2510.3-101 (29 c.f.r. § 2510.3-101) (each a “**Benefit Plan Investor**”), or to a transferee using the assets of a Benefit Plan Investor to acquire such interest securities or holding such interest for or on behalf of a Benefit Plan Investor, shall be deemed to be void *ab initio* and of no legal effect whatsoever. Accordingly, any purported transferee of any legal or beneficial ownership interest in an Instrument in such a

transaction will not be entitled to any rights as a legal or beneficial owner of such interest in such Instrument.

Notwithstanding any other provision of these General Conditions, the Issuer shall give notice to the Trustee, the Custodian and the Calculation Agent and shall have the right at any time after becoming aware that any legal or beneficial ownership interest in an Instrument is held by a Non-Permitted Transferee to require such Non-Permitted Transferee to sell such interest to (a) an Affiliate of the Issuer (to the extent permitted by applicable law) or (b) a person who is not a Non-Permitted Transferee, in each case, at a price equal to the lesser of (x) the purchase price paid for such interest by such Non-Permitted Transferee, (y) the principal amount of such interest and (z) the fair market value of such interest, less any costs or expenses incurred by or on behalf of the Issuer in connection with such sale.

## **7.5 Redemption at option of the Issuer for Regulatory Redemption Event**

If in the determination of the Calculation Agent a Regulatory Event occurs then the Issuer shall forthwith give not more than 30 Business Days' nor less than 10 Business Days' notice to the Trustee, the Instrumentholders, the Hedging Counterparty (if applicable) and, for as long as the Instruments are listed on a stock exchange and the rules of such stock exchange so require, such stock exchange, and upon expiry of such notice shall cancel all but not some only of the Instruments at their Early Termination Amount (if any) together with interest accrued to the date fixed for cancellation. For the purposes of this General Condition 7.5:

**“Regulatory Event”** means:

- (a) the occurrence of any of the following: (i) as a result of a change in law, regulation, interpretation, action or response of a regulatory authority or other economic circumstances, the regulatory treatment of the Instruments has become materially less favourable to the Issuer than originally expected; or (ii) as a result of (x) the adoption of, or any change in, any relevant law or regulation, (y) the promulgation of, or any change in the interpretation by any court, tribunal, government or regulatory authority with competent jurisdiction (a **“Relevant Authority”**) of, any relevant law or regulation or (z) the public or private statement or action by, or response of, any Relevant Authority or any official or representative of any Relevant Authority acting in an official capacity, the Issuer has suffered or there is a reasonable likelihood that it will suffer a material adverse consequence in connection with issuing the Instrument or with maintaining the existence of the Issuer or the Instruments; and/or
- (b) the occurrence of any of the following (including, without limitation, in connection with the application of the Alternative Investment Fund Managers Directive 2011/61/EU): (i) as a result of a law, regulation, interpretation, action or response of a regulatory authority or other economic circumstances, the regulatory treatment of the Instruments has become less favourable to, or resulted in a burden on, the Issuer, Deutsche Bank AG, London Branch acting in any capacity in connection with the Instruments and/or the Trustee; or (ii) as a result of (x) any relevant law or regulation, (y) the promulgation of the interpretation by any court, tribunal, government or regulatory authority with competent jurisdiction of any relevant law or regulation or (z) the public or private statement or action by, or response of, any Relevant Authority or any official or representative of any relevant authority acting in an official capacity, the Issuer, Deutsche Bank AG, London Branch acting in its capacity in connection with the Instruments and/or the Trustee has suffered or there is a reasonable likelihood that it will suffer an adverse consequence in connection with (as applicable) issuing the Instruments or

with maintaining the existence of the Issuer or the Instruments and/or maintaining the existence of any other instruments issued by the Issuer.

## **7.6 Cancellation for taxation and other reasons**

If:

- 7.6.1 the Issuer, on the occasion of the next payment due in respect of the Instruments, would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, and the Issuer has so informed the Trustee, and has (subject, in the case of rated Instruments, to the Relevant Rating Agency having been given prior notice in writing of such substitution or change of residence) used all reasonable endeavours to arrange (subject to and in accordance with General Condition 14.4 (*Substitution*)) the substitution of a company incorporated in another jurisdiction as the principal obligor or (with the prior written consent of the Trustee and any Hedging Counterparty) to change its residence for taxation purposes or, to the extent permitted by law, change its domicile to another jurisdiction approved beforehand in writing by the Trustee and any Hedging Counterparty and has been unable to arrange such substitution or change, or is unable to do so in a tax efficient manner, before the next payment is due in respect of the Instrument; and/or
- 7.6.2 the Credit Support Document (if any) is terminated prior to the Maturity Date for any reason; and/or
- 7.6.3 any Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement Termination Date,

then the Issuer shall forthwith give not more than 30 nor less than 15 days' notice to the Trustee, the Instrument holders, any Hedging Counterparty and, for as long as the Instruments are listed on a stock exchange and the rules of such stock exchange so require, such stock exchange, and upon expiry of such notice (i) the Issuer shall cancel all but not some only of the Instruments at their Early Termination Amount (which, for the avoidance of doubt, if indicated as such in the relevant Final Terms, shall include accrued interest to the date fixed for cancellation), (ii) the Series Assets will be realised in accordance with the Securitisation Act 2004 and (iii) the security constituted by or created pursuant to the Series Instrument shall become enforceable (if the same shall not already have become enforceable in accordance with these General Conditions).

Notwithstanding the foregoing, if any of the taxes referred to in General Condition 7.6.1 above arises (i) by reason of any Instrumentholder's connection with the jurisdiction of incorporation of the Issuer otherwise than by reason only of the holding of any Instrument or receiving or being entitled to any Redemption Amount or interest in respect thereof; or (ii) by reason of the failure by the relevant Instrumentholder to comply with any applicable procedures required to establish non-residence or other similar claims for exemption from such tax, then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Instrumentholder, all other Instrumentholders shall receive the due amounts payable to them and the Issuer shall not be required by reason of such deduction to endeavour to arrange any substitution, or to cancel the Instruments, pursuant to this General Condition 7.6. Any such deduction shall not be an Event of Default under General Condition 12 (*Events of Default*).

In the event of such cancellation and the security constituted by the Series Instrument becoming enforceable, the Trustee may take such action as is provided in General Condition 8.10.1 (*Realisation of the Series Assets*) and shall do so if so requested or directed in accordance with the provisions of

such General Condition (subject in each case to it being indemnified and/or secured in accordance with such General Condition and provided that the Trustee shall not be required to do anything which is contrary to applicable law).

#### **7.7 Issuer Call Option**

If so provided in the relevant Final Terms, the Issuer may, on giving irrevocable notice (a) on a date within the Optional Redemption Period and/or (b) at least 5 Business Days prior to an Optional Redemption Date (each as specified in the relevant Final Terms) to the Instrumentholders, the Trustee and, for as long as the Instruments are listed on a stock exchange and the rules of such stock exchange so require, such stock exchange, cancel all (but not some only) of the Instruments (1) in the case of (a) above, on the date specified in such notice, such date not falling prior to the date on which such notice is effective in accordance with General Condition 16 and (2) in the case of (b) above, on the relevant Optional Redemption Date or, in each case if such day does not fall on a Business Day, then the following Business Day. Any such redemption of Instruments shall be at the applicable Optional Redemption Amount (which, for the avoidance of doubt, in the case of Instruments, shall include accrued interest to the date fixed for such optional redemption).

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

#### **7.8 Purchases**

Subject to receipt by the Issuer of an amount (whether by sale of the Collateral (or in the case of a purchase of some only of the Instruments, a proportion of the Collateral corresponding to the proportion of the Instruments to be purchased) or otherwise) which, plus or minus the aggregate of any termination payment and any expenses payable to or by the Issuer from or to any Hedging Counterparty or other relevant party on the termination (or, as the case may be, partial termination) of each Hedging Agreement, is sufficient to fund the purchase price payable by the Issuer, the Issuer may purchase Instruments in the open market or otherwise at any price. Voting rights attached to Instruments held by the Issuer are suspended but only as long as the Instruments are held by the Issuer.

#### **7.9 Cancellation**

All Instruments purchased by or on behalf of the Issuer must be cancelled by surrendering the relevant Global Instrument or Instruments in definitive form (as the case may be) for endorsement to, or to the order of, the Principal Agent and, when so surrendered, the Global Instrument or Instruments in definitive form (as the case may be) will be endorsed to reflect such cancellation. Any Instruments cancelled or so surrendered for cancellation may not be held, reissued or resold and the obligations of the Issuer in respect of any such Instruments shall be discharged. The Issuer is required to (a) either promptly inform or (b) procure that the Listing Agent and/or the Paying Agent, as the case may be, promptly informs (on its behalf) the relevant stock exchange or other relevant authority of any cancellation of listed Instruments.

#### **7.10 Determination and Publication of Redemption Amounts**

The Calculation Agent shall, as soon as practicable on each date the Calculation Agent may be required to calculate any amount, obtain any quotation or make any determination or calculation, calculate the relevant Redemption Amount, and cause the relevant Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Instrumentholders, any other Calculation Agent appointed in respect of the Instruments that is to make a further calculation upon receipt of such information and, if the Instruments 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 the fourth Business Day after such determination. 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.

#### **7.11 Determination or Calculation by Trustee**

If the Calculation Agent does not at any time for any reason determine or calculate the relevant Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this General Condition 7.11, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

#### **7.12 Calculation Amount per Instrument**

Notwithstanding anything to the contrary in these General Conditions or the Agency Agreement, where the applicable Final Terms specify a Calculation Amount per Instrument in addition to one or more Specified Denominations (which, for the avoidance of doubt will only be an integral multiple of such Specified Denomination), then each calculation of an amount payable on an Instrument hereunder shall be made on the basis of the relevant Calculation Amount and the amount payable on any particular Instrument shall be equal to the product of (i) the amount per Calculation Amount (after applying any applicable rounding in accordance with these General Conditions) and (ii) the Calculation Amount Factor of that particular Instrument, where “**Calculation Amount Factor**” means the number equal to the Specified Denomination of the relevant Instrument divided by the relevant Calculation Amount.

### **8 Series Assets, Collateral and Security**

#### **8.1 Series Assets**

The Securitisation Act 2004 provides that the Series Assets (and the proceeds thereof) specified in the relevant Final Terms are available solely to meet the claims of the Series Parties.

#### **8.2 Collateral and Hedging Collateral**

The Issuer will procure that any Collateral constituting “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004 is delivered to the Custodian and subject thereto, such Collateral will be held by the Custodian on behalf of the Issuer subject to the security created subject to the conditions set out in the Securitisation Act 2004 and by or pursuant to the Series Instrument. The Issuer shall not at any time own or agree to own any assets which would cause any applicable Servicer to be subject to any express or implied duty or obligation under any applicable Italian or Luxembourg law (including any reporting duties towards the competent supervision authorities of the Issuer (if any)) other than the duty to collect payments made in respect of assets which it holds in its capacity as Custodian (either directly or via a sub-custodian). For these purposes, references to “collect” or the “collection” of payments shall be construed as meaning the receipt of payments due with respect to such assets held and shall not extend to ensuring performance of such assets whether by management of the recovery of unpaid debts or otherwise. The role of Servicer is restricted to this single duty accordingly.

The date of the sale, transfer, novation or assignment of the Collateral, or any rights and/or obligations in the Collateral, to the Issuer will be provided in the Final Terms. If the Issuer acquires Collateral after

the Issue Date, until such acquisition the Series Assets will not comprise (and the Instruments will not be secured on) the Collateral but only the rights of the Issuer under the other Series Assets (if any).

The Issuer will procure that any Hedging Collateral constituting “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004 is delivered to the Custodian and subject thereto, such Hedging Collateral will be held by the Custodian on behalf of the Issuer and subject to the security created subject to the conditions set out in the Securitisation Act 2004 and by and pursuant to the Series Instrument. The Hedging Collateral is subject to the rights of any Hedging Counterparty to request from time to time redelivery of the Hedging Collateral pursuant to the terms of the corresponding Hedging Agreement. Any distributions (including any cash, securities, or any other property) received in respect of the Hedging Collateral will be delivered to such Hedging Counterparty and will not be subject to any security created pursuant to the Series Instrument.

The Issuer may, if “2-Way Hedging Collateral Posting” is specified in the relevant Final Terms, also be required to deliver credit support comprising the Collateral to the Hedging Counterparty in order to collateralise its obligations to the Hedging Counterparty. To the extent that eligible credit support is due from the Issuer to the Hedging Counterparty in accordance with the Credit Support Document, the security over such eligible credit support comprising the Collateral will be deemed to be released and the Issuer shall deliver such Collateral to the Hedging Counterparty.

The obligation of the Issuer to deliver eligible credit support comprising the Collateral to the Hedging Counterparty under the Credit Support Document is limited to the amount of Collateral held by the Issuer from time to time.

### **8.3 Security**

The Series Assets are subject to security created in favour of the Trustee on behalf of the Series Parties as follows.

The Issuer has created the following security in the Series Instrument:

- (a) (i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee of the Collateral and all of the Issuer’s rights in respect of and sums derived from the Collateral (including, without limitation, any proceeds of the sale thereof) and (ii) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights in respect of the Collateral held by the Custodian against the Custodian. To the extent that eligible credit support is due from the Issuer to the Hedging Counterparty in accordance with the Credit Support Document, the security over such eligible credit support comprising the Collateral will be deemed to be released and the Issuer shall deliver such Collateral to the Hedging Counterparty;
- (b) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights, title and interest under each relevant Hedging Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder;
- (c) a first fixed charge in favour of the Trustee over (i) the Issuer’s right to all sums held by the Principal Agent and/or any Paying Agent and/or the Custodian to meet payments due in respect of the Instruments and under the Series Instrument and (ii) any sums of money, securities or other property received or receivable by the Issuer under any relevant Hedging Agreement;
- (d) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights, title and interest under the Agency Agreement and the Purchase Agreement and all sums derived therefrom in respect of the Instruments;

- (e) to the extent that at any time the Collateral has not been delivered to the Custodian (or, if so specified in the Purchase Agreement, any Sub-custodian) to be held on behalf of the Issuer as provided in the Purchase Agreement, an assignment by way of first fixed charge in favour of the Trustee of the Issuer's rights, title and interest under the Purchase Agreement any sums received or receivable by the Issuer thereunder; and
- (f) (i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee over the Hedging Collateral (subject to the rights of any Hedging Counterparty to request from time to time redelivery of the Hedging Collateral pursuant to the terms of the corresponding Hedging Agreement) and all of the Issuer's rights in respect of any proceeds of the sale thereof and (ii) an assignment by way of first fixed charge in favour of the Trustee of all the Issuer's rights in respect of the Hedging Collateral held by the Custodian against the Custodian.

#### **8.4 General provisions relating to security**

The security constituted or created pursuant to the Series Instrument will be granted to the Trustee for itself and as trustee under the Series Instrument as continuing security (i) for the payment of all sums due to the Trustee or any receiver under the Series Instrument, (ii) for the payment of all sums due under the Instruments, (iii) for the performance of the Issuer's obligations under each Hedging Agreement, (iv) for the payment of all sums payable to the Custodian for reimbursement in respect of payments made to any Hedging Counterparty by the Custodian relating to sums receivable on or in respect of the Collateral pursuant to any provision of the Agency Agreement which requires the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Custodian for any payment made by the Custodian to any Hedging Counterparty relating to sums receivable on or in respect of the Collateral before actual payment to the Custodian of the amount receivable on or in respect of the Collateral and (v) for the payment of all sums payable to the Principal Agent, pursuant to any provision of the Agency Agreement which requires the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Principal Agent, for any amount paid out by the Principal Agent, to the holders of Instruments before receipt of the corresponding amount due from the Issuer.

#### **8.5 Enforceability**

The security constituted by or created pursuant to the Series Instrument shall become enforceable (i) in the circumstances specified in General Condition 7.3 (*Mandatory cancellation*) or 7.6 (*Cancellation for taxation and other reasons*), (ii) upon the occurrence of an Event of Default (as defined in General Condition 12 (*Events of Default*)) and (iii) on the Hedging Agreement Termination Date if sums remain owing to a Hedging Counterparty under a Hedging Agreement.

#### **8.6 Holder of Collateral**

The Collateral and the Hedging Collateral (in each case, to the extent constituting "liquid assets and securities" for the purposes of Article 22 of the Securitisation Act 2004, and subject to delivery thereof) will be held by the Custodian on behalf of the Issuer on and subject to the terms and conditions of the Agency Agreement and subject to the security referred to in General Condition 8.3 (*Security*). The Issuer reserves the right at any time with the prior written consent of the Trustee to change the Custodian, provided that in respect of Instruments which are rated by one or more Relevant Rating Agencies, each Relevant Rating Agency has been given prior notice in writing of such change. Notice of such change shall be given to the Instrumentholders in accordance with General Condition 17 (*Notices and Provision of Information*). Under the terms of the Agency Agreement, the Custodian

may appoint one or more sub-custodians in relation to the Collateral, but such appointment shall not relieve the Custodian of any of its duties under the Agency Agreement.

## **8.7 Floating Charge**

The obligations of the Issuer in relation to all Series of Instruments in relation to which the Issuer appoints the Trustee as the trustee pursuant to, in accordance with and on the terms of, the Series Instrument constituting such Series will also be secured pursuant to the Deed of Floating Charge dated 16 December 2004, as supplemented by the First Supplemental Deed of Floating Charge dated 30 May 2007, by a floating charge over the whole of its undertaking and assets (other than its share capital and any fees generated in respect of the issue of Instruments and, for the avoidance of doubt, any moneys available to the Issuer after application of the Series Assets of any Series in accordance with the priorities set out in the applicable Series Instrument) to the extent that (i) such undertaking and assets are not effectively encumbered by any security created in favour of the Trustee by or pursuant to any Series Instrument entered into in relation to a Series or any security created by or pursuant to any other issue of securities by the Issuer and (ii) such undertaking and assets are not allocated to a compartment (within the meaning of the Securitisation Act 2004) which has been set up by the Issuer in connection with a Series or any other issue of securities by the Issuer. The Trustee is entitled to enforce the security constituted by the floating charge only if an application to the English courts for an administration order has been made but shall not be obliged to enforce the security created by the floating charge unless directed by an Extraordinary Resolution of the holders of any secured Series of Instruments and indemnified or secured to its satisfaction. The obligations of the Issuer are, however, limited in recourse as provided in General Condition 13 (*Enforcement*), and accordingly, even if the security created by the floating charge may become enforceable, the amounts due to the Instrumentholders and any Hedging Counterparty will not be increased as a result thereof and shall be limited to the net proceeds of realisation of the Series Assets and subject to the provisions of General Condition 8 (*Series Assets, Collateral and Security*) as to application of such net proceeds and to the provisions of General Condition 13 (*Enforcement*).

The Series Instrument provides that the Trustee shall not be bound or concerned to make any investigation into, or be responsible for, *inter alia*:

- (1) the creditworthiness of the Collateral or any Collateral Obligor, Collateral Guarantor or Collateral Support Provider (if any) or of any Hedging Counterparty or other person which is a party to any other agreement or document constituting or evidencing any of the Collateral or the other Series Assets; or
- (2) the validity, sufficiency or enforceability of the obligations of any such person as is referred to in sub-paragraph (1) above or of the security constituted by or pursuant to the Series Instrument or any other agreement or document constituting the security for the Instruments; or
- (3) whether the cashflows relating to the Collateral and/or the Series Assets and the Instruments are matched.

## **8.8 Application of Proceeds of Series Assets**

The Trustee shall collect all moneys in relation to the Series Instrument and apply those moneys under the provisions of the Series Instrument in connection with the realisation or enforcement of the Series Assets pursuant to the Series Instrument in accordance with the following provisions of this General Condition 8.8 (General Conditions 8.8.1 to 8.8.4, inclusive, “**Hedging Counterparty Priority**”):

- 8.8.1 first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument (which for the purpose of this General Condition 8.8 and the Series Instrument shall include any taxes required to be paid, the costs of realising any security and the Trustee’s remuneration);
- 8.8.2 secondly, *pro rata* in payment of any amounts owing to:
- (a) the Hedging Counterparty under a Hedging Agreement (which for the purpose of this General Condition 8.8 and the Series Instrument shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral (which, for the avoidance of doubt, shall include any amounts payable in respect of an Option Premium)); and
  - (b) the Principal Agent for reimbursement in respect of any payment made to holders of the Instruments or to a Clearing Agent on behalf of such holders;
- 8.8.3 thirdly, *pro rata* in payment of any amounts owing to the holders of the Instruments; and
- 8.8.4 fourthly, in payment of the balance (if any) to the Issuer,

PROVIDED THAT, if “**Hedging Counterparty Priority Default Flip**” is specified as “Applicable” in the relevant Final Terms for a Series of Instruments, the realisation or enforcement of the Series Assets pursuant to the Series Instrument has arisen as a result of any event of default (as defined in a Hedging Agreement) relating to any Hedging Counterparty, then the Trustee shall apply all moneys received by it under the provisions of the Series Instrument:

(A) if “**Instrumentholder Pari Passu Basis**” is specified in the relevant Final Terms:

- (1) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument (which for the purpose of this General Condition 8.8 and the Series Instrument shall include any taxes required to be paid, the costs of realising any security and the Trustee’s remuneration);
- (2) secondly, in payment of any amounts owing to the Principal Agent for reimbursement in respect of any payment made to holders of the Instruments or to a Clearing Agent on behalf of such holders;
- (3) thirdly, *pro rata* in payment of any amounts owing to the Hedging Counterparty under a Hedging Agreement (which for the purpose of this General Condition 8.8 and the Series Instrument shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral) and the holders of the Instruments; and
- (4) fourthly, in payment of the balance (if any) to the Issuer; or

(B) if “**Instrumentholder Priority Basis**” is specified in the relevant Final Terms:

- (1) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument (which for the purpose of this General Condition 8.8 and the Series Instrument shall include any taxes required to be paid, the costs of realising any security and the Trustee’s remuneration);

- (2) secondly, in payment of any amounts owing to the Principal Agent for reimbursement in respect of any payment made to holders of the Instruments or to a Clearing Agent on behalf of such holders;
- (3) thirdly, *pro rata* in payment of any amounts owing to the holders of the Instruments;
- (4) fourthly, *pro rata* in payment of any amounts owing to the Hedging Counterparty under a Hedging Agreement (which for the purpose of this General Condition 8.8 and the Series Instrument shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral); and
- (5) fifthly, in payment of the balance (if any) to the Issuer.

***By subscribing to, or otherwise acquiring, the Instruments, each Instrumentholder expressly consents to the provisions of this General Condition 8.8 and the limitation of his/its rights in accordance with article 64 of the Securitisation Act 2004 and is deemed to have accepted such provisions and the consequences thereof.***

## **8.9 Purchase of Collateral maturing after the Maturity Date**

If any securities forming all or part of the Collateral have a maturity date falling after the Maturity Date (in the case of Instruments), the Issuer may agree to sell such Collateral to any Hedging Counterparty for value on the Maturity Date at a price equal to the principal amount thereof.

## **8.10 Realisation of the Series Assets**

### **8.10.1 Realisation of the Series Assets**

In the event of the realisation of the Series Assets constituted by a Series Instrument the Trustee may, at its discretion, and shall:

- (a) if requested in writing by the holders of at least one-fifth in Aggregate Nominal Amount of the Instruments then outstanding; or
- (b) if directed by an Extraordinary Resolution (as defined in the Series Instrument) of the Instrumentholders; or
- (c) if directed in writing by the Hedging Counterparty in respect of the relevant Series (but only if the Hedging Agreement(s) have each terminated in accordance with their respective terms prior to the respective Hedging Agreement Termination Dates or, on or after the latest Hedging Agreement Termination Date(s), if sums remain owing to any Hedging Counterparty under the Hedging Agreement(s)),

do one or more of the following:

- (i) instruct the Selling Agent to endeavour to sell or otherwise realise the Collateral in accordance with General Condition 8.10.2 (*Selling Agent*) and the provisions of the Agency Agreement;
- (ii) take other steps to realise all or some of the Collateral;
- (iii) terminate and/or enforce and/or realise each Hedging Agreement or other agreement entered into by the Issuer, the rights of the Issuer in respect of which form part of the Series Assets; and
- (iv) otherwise enforce the security constituted by or pursuant to the Series Instrument,

in each case without any liability as to the consequences of such action and without having regard to the effect of such action on individual Instrumentholders and provided that the Trustee shall not be required to take any action under this General Condition 8.10 without first being indemnified and/or secured to its satisfaction or to do anything which is or may be contrary to any applicable law. Subject as provided in the following paragraph, any request or direction given by the person or persons ranking in priority immediately after the Trustee pursuant to the provisions of General Condition 8.8 (*Application of Proceeds of Series Assets*) will have priority over any conflicting direction given under this General Condition 8.10.1 and, in the absence of any such request or direction, the Trustee may at its discretion decline to act on any request or direction given by any other person.

If Instrumentholder Pari Passu Basis is specified in the relevant Final Terms and is applicable, any request of the kind referred to in General Condition 8.10.1(a) or direction of the kind referred to in General Condition 8.10.1(b) shall have priority over any conflicting request or direction under this General Condition 8.10.1 and the Trustee may at its discretion decline to act on any other request or direction.

#### **8.10.2 Selling Agent**

If the Selling Agent is instructed by the Trustee in accordance with General Condition 8.10.1 to endeavour to sell or otherwise realise the Collateral, the Selling Agent shall, on behalf of and as the agent of the Trustee pursuant to, and in accordance with, the provisions of the Agency Agreement, use all reasonable endeavours to sell or otherwise realise the Collateral as soon as reasonably practicable on or after the date on which it receives such instruction at its best execution price less any commissions or expenses charged by the Selling Agent and specified for this purpose in the Series Instrument.

If, however, the Selling Agent determines that there is no available market for the Collateral, or if the Selling Agent otherwise determines that it is impossible to sell or otherwise realise the Collateral or any part of it, the Selling Agent will promptly notify the Issuer, the Trustee and the Hedging Counterparty of such lack of availability or impossibility and the Selling Agent shall not be required to effect the sale or other realisation of the Collateral or any further part of it. Any such determination by the Selling Agent shall be in its sole discretion and shall be binding on the Issuer, the Trustee, any Hedging Counterparty and the Instrumentholders. In the event that the Selling Agent makes such determination, the Trustee may, at its discretion, and shall if so requested or directed in accordance with General Condition 8.10.1 (but subject in each case to its first being indemnified and/or secured to its satisfaction in accordance with such General Condition) realise all or part of the Collateral by other means.

In order to obtain its best execution price for the above purposes, the Selling Agent shall be required to take reasonable care to ascertain the price which is the best available for the sale or other realisation of the Collateral at the time of the sale or other realisation for transactions of the kind and size concerned and, unless circumstances require the Selling Agent to do otherwise in the interests of the Instrumentholders, to deal at a price which is not less advantageous to the Instrumentholders.

*The Trustee shall have no responsibility or liability for the performance by the Selling Agent of its duties under this General Condition 8.10.2 or for the price or time at which any of the Collateral may be sold or otherwise realised.*

*The Issuer expressly agrees with the provisions of this General Condition 8.10 and authorises the Trustee to act in accordance with such provisions.*

## **8.11 Shortfall after application of proceeds**

If the Net Proceeds are not sufficient to make all payments due in respect of the Instruments and for the Issuer to meet its obligations, if any, in respect of the termination of any Hedging Agreement (or a part of any such Hedging Agreement) and/or any other obligations secured thereby, then the obligations of the Issuer in respect of the Instruments and any Hedging Agreement and/or any such other obligations will be limited to such Net Proceeds. The other assets of the Issuer will not be available for payment of any Shortfall arising therefrom. Any Shortfall shall be borne by the Instrumentholders, any Hedging Counterparty and any other persons entitled to the benefit of such security according to the priorities specified in the General Conditions and applied in reverse order.

The Issuer will not be obliged to make any further payment in excess of the Net Proceeds and any right to receive any further sum in each case in respect of any Shortfall remaining after realisation of the Series Assets under General Condition 8.10 (*Realisation of the Series Assets*) and application of the proceeds in accordance with the Series Instrument shall be extinguished and neither the Trustee nor any Hedging Counterparty nor any Instrumentholders nor any other Series Party (nor any person acting on behalf of any of them) may take any further action to recover such Shortfall. In particular, no such party will be able to petition for the winding-up, the liquidation or the bankruptcy of the Issuer or any similar insolvency related proceedings. Failure to make any payment in respect of any Shortfall shall in no circumstances constitute an Event of Default under General Condition 12 (*Events of Default*). In addition, no Instrumentholders may start proceedings against the Issuer which are based on article 98 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended.

## **8.12 Issuer's rights as holder of Collateral**

The Issuer may exercise any rights in its capacity as holder of the Collateral only (i) with the prior written consent of both the Trustee and the Hedging Counterparty (which consent may only be given by the Trustee or the Hedging Counterparty in its absolute discretion) or (ii) as directed by an Extraordinary Resolution of the Instrumentholder and with the prior written consent of the Hedging Counterparty (which consent may be given or withheld by the Hedging Counterparty in its absolute discretion) and, if such consent or direction is given, the Issuer will act only in accordance with such consent or direction. In particular, the Issuer will not attend or vote at any meeting of holders of the Collateral, or give any consent or notification or make any declaration in relation to the Collateral, unless (i) the Trustee and the Hedging Counterparty shall each give its prior written consent (which consent may be given or withheld by the Trustee or the Hedging Counterparty in its absolute discretion) or (ii) by direction of any Extraordinary Resolution of the Instrumentholder and with the prior written consent of the Hedging Counterparty (which consent may be given or withheld by the Hedging Counterparty in its absolute discretion).

# **9 Hedging Agreements**

## **9.1 Hedging Agreements**

### **9.1.1 The Hedging Agreements**

The Hedging Agreement(s) is/are entered into by the execution of the Series Instrument by the Issuer and any Hedging Counterpart(y)(ies).

### **9.1.2 Hedging Collateral**

In order to secure the performance of any Hedging Counterparty's obligations, if so specified in the Final Terms, under each Hedging Agreement, as part of the corresponding Hedging

Agreement, a Credit Support Document may be entered into by the Issuer and any Hedging Counterparty on or after the Issue Date pursuant to which the Hedging Collateral may, from time to time, be delivered by such Hedging Counterparty to the Custodian in order to collateralise the Hedging Counterparty's exposure to the Issuer. The Issuer may, if "2-Way Hedging Collateral Posting" is specified in the relevant Final Terms, also be required to deliver collateral comprising the Collateral to the Hedging Counterparty in order to collateralise its obligations to the Hedging Counterparty. Any Hedging Collateral delivered is subject to the right of such Hedging Counterparty to request redelivery of such Hedging Collateral in accordance with the corresponding Hedging Agreement. The amount of the Hedging Collateral may be adjusted from time to time pursuant to the terms of such Hedging Agreement.

The Hedging Counterparty will, in accordance with the Credit Support Document, calculate the collateral requirements of the Issuer and the Hedging Counterparty based on each party's exposure to the other party under the Hedging Agreement on a daily basis and (i) if "2-Way Hedging Collateral Posting" is specified in the relevant Final Terms, to the extent that eligible credit support is due from the Issuer to the Hedging Counterparty in accordance with the Credit Support Document, the security over such eligible credit support comprising the Collateral will be deemed to be released and the Issuer shall deliver such Collateral to the Hedging Counterparty and (ii) to the extent that eligible credit support is due to be delivered by the Hedging Counterparty to the Issuer in accordance with the Credit Support Document, the Hedging Counterparty shall deliver eligible credit support to the Issuer.

If "2-Way Hedging Collateral Posting" is specified in the relevant Final Terms, the obligation of the Issuer to deliver eligible credit support comprising the Collateral to the Hedging Counterparty under the Credit Support Document is limited to the amount of Collateral held by the Issuer from time to time.

Any such eligible credit support delivered to the Issuer in accordance with the Credit Support Document will be held by the Custodian on behalf of the Issuer and will upon such delivery be subject to the security created in favour of the Issuer pursuant to General Condition 8.3 (*Security*).

### **9.1.3 Termination**

Each Hedging Agreement will terminate on the Hedging Agreement Termination Date, unless terminated earlier in accordance with its terms. Each Hedging Agreement will terminate in full if all the Instruments are cancelled prior to the Maturity Date pursuant to any provision of General Condition 7 (*Redemption and Purchase*) or upon the occurrence of an Event of Default and each Hedging Agreement will terminate in part (on a *pro rata* basis in a proportion of its nominal amount equal to the proportion that the nominal amount of the Instruments being cancelled bears to the Aggregate Nominal Amount of all the Instruments immediately prior to such cancellation if some of the Instruments are cancelled prior to the Maturity Date pursuant to any provision of General Condition 7 (*Redemption and Purchase*)). In the event of an early termination of any Hedging Agreement, either the Issuer or the Hedging Counterparty may be liable to make a termination payment to the other party in an amount determined in accordance with the provisions of such Hedging Agreement. The termination payment will be determined by the Hedging Counterparty on the basis of such Hedging Counterparty's reasonable determination in good faith of its total losses and costs in connection with the termination of such Hedging Agreement. In the event of an early termination of any Hedging Agreement as a result of the cancellation of the Instruments pursuant to General Condition 7.3 (*Mandatory cancellation*), any obligation of the Issuer at any time to deliver the Collateral to the Hedging

Counterparty shall for the purposes of the calculation of such termination payment be deemed to be replaced by an obligation of the Issuer to pay to the Hedging Counterparty a sum equal to the nominal amount of such Collateral.

#### **9.1.4 Taxation**

Neither the Issuer nor any Hedging Counterparty is obliged under any Hedging Agreement to gross up payments to be made by it to the other if withholding taxes are imposed on such payments, but the Hedging Agreement(s) is terminable in such event. If the Issuer, on the occasion of the next payment due under a Hedging Agreement, would be required by law to withhold or account for tax such that it would be rendered unable to make payment of the full amount due or would be required to account for tax or would suffer tax on its income in respect of the amount paid to it, the Issuer shall so inform the Trustee in writing.

#### **9.1.5 Downgrade**

If so specified in the relevant Final Terms, in respect of rated Instruments, if the long-term debt rating of any Hedging Counterparty is or may be downgraded with the result that the then current rating of the Instruments by any Relevant Rating Agency is or may be adversely affected, such Hedging Counterparty will be entitled to transfer its rights and obligations under the relevant Hedging Agreement to another entity or to obtain a guarantee from another entity or to take such other action as may be specified in the relevant Hedging Agreement, subject as provided in this General Condition 9.1.5.

#### **9.1.6 Transfer by Hedging Counterparty**

Any transfer of the rights and obligations of any Hedging Counterparty or any guarantee of the obligations of any Hedging Counterparty (or of any transferee of the rights and obligations of Hedging Counterparty) in respect of any Hedging Agreement will be subject to:

- (a) the Trustee being satisfied that such rights and obligations have been effectively transferred to and/or guaranteed by, as the case may be, the transferee and/or guarantor selected by such Hedging Counterparty and that all the Issuer's right, title, benefit and interest in, to, under and in respect of the relevant Hedging Agreement following any such transfer and/or guarantee in respect of the obligations of such Hedging Counterparty (or, as the case may be, any transferee to whom the obligations of such Hedging Counterparty are transferred), are effectively secured in favour of the Trustee for the benefit of the Instrumentholders, in each case in form and substance reasonably satisfactory to the Trustee;
- (b) in respect of rated Instruments, the Relevant Rating Agency having been given prior notice in writing of such transfer and/or guarantee as is referred to above; and
- (c) the Hedging Counterparty having indemnified the Issuer and the Trustee against any stamp or other documentary charges and all expenses (if any) incurred by the Issuer and/or the Trustee in connection with such transfer.

*To the extent that any Hedging Counterparty fails to make payments due to the Issuer under a Hedging Agreement, the Issuer will be unable to meet its obligations in respect of the Instruments. In such event, each Hedging Agreement will be terminated and the Instruments will be cancelled in accordance with General Condition 7.6 (Cancellation for taxation and other reasons). Upon realisation of the Series Assets, the net proceeds thereof may be less than the claims of the Hedging Counterparty(ies), the Instrumentholders and the other persons entitled to the proceeds of realisation of the Series Assets. The Trustee shall not be bound or concerned to make any investigation into the*

*creditworthiness of a Hedging Counterparty to which the rights and obligations of any Hedging Counterparty or any guarantee of the obligations of any Hedging Counterparty in respect of a Hedging Agreement for any Series have been transferred.*

## **10 Restrictions**

The Issuer has covenanted in the Series Instrument that, *inter alia*, so long as any of the Instruments remain outstanding, it will not, without the consent of the Trustee (which may only be given if the Trustee is of the opinion that to do so will not be materially prejudicial to the interests of the Instrumentholders):

### **10.1** engage in any activity or do any thing whatsoever except:

**10.1.1** issue Instruments (which as defined herein include further Instruments) which are subject to the Securitisation Act 2004 and the enforcement and limited recourse provisions contained in the Series Instrument (“**Permitted Investments**”) or otherwise incur indebtedness in respect of moneys borrowed or raised where such indebtedness is incurred on terms that it is subject to the Securitisation Act 2004 and/or relates to assets or other property which are not part of the Series Assets of any other Instruments and on terms which provide for the extinguishment of all claims in respect of such indebtedness after application of the proceeds of the assets on which such indebtedness is secured (“**Permitted Indebtedness**”);

**10.1.2** enter into any agency agreement, Series Instrument, hedging agreement, deed of floating charge or any deed or agreement of any other kind related to any Permitted Investment or Permitted Indebtedness, but provided always that any such deed or agreement is entered into on terms that the obligations of the Issuer thereunder relate to a Compartment of specified assets of the Issuer (other than its non-compartmented assets) which do not form part of the Series Assets and on terms which provide for extinguishment of all claims in respect of such obligations after application of the proceeds of the assets on which such indebtedness is secured;

**10.1.3** acquire, or enter into any agreement constituting, the Collateral in respect of any Permitted Investment or the assets securing any Permitted Indebtedness;

**10.1.4** perform its obligations under each Permitted Investment or Permitted Indebtedness, agency agreement, Series Instrument, hedging agreement, deed of floating charge or other deeds or agreements incidental to the issue and constitution of, or the granting of security for, any Permitted Investment or Permitted Indebtedness;

**10.1.5** enforce any of its rights under each agency agreement, Series Instrument, hedging agreement, the deed of floating charge or any other deed or agreement entered into in relation to any Permitted Investment or Permitted Indebtedness;

**10.1.6** perform any act incidental to or necessary in connection with any of the above;

**10.1.7** as permitted by the General Conditions and the relevant Final Terms;

### **10.2** have any employees;

**10.3** subject to this General Condition 10, dispose of any of its property or other assets or any part thereof or interest therein (subject as provided in the General Conditions relating to any Permitted Investment or the terms and conditions of any Permitted Indebtedness);

**10.4** issue or create any other Series of Instruments unless either (a) the trustee thereof is the same person as the Trustee for the Instruments or (b) the Trustee has received legal advice satisfactory to it from reputable legal advisers in England and the jurisdiction of incorporation of the Issuer to the effect that

the appointment of a person other than the Trustee as trustee of such Series of Instruments will not adversely affect the ability, where applicable, of the Trustee to appoint an administrative receiver over the assets of the Issuer pursuant to the floating charge contained in the Series Instrument, unless in the case of rated Instruments, each Relevant Rating Agency has received prior notice in writing of such issue or creation;

- 10.5 purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), unless in the case of rated Instruments, each Relevant Rating Agency has received prior notice in writing of such purchase, ownership, letting or acquisition by other means;
- 10.6 consolidate or merge with any other person; or
- 10.7 incur any indebtedness for borrowed money other than in respect of the Instruments or any Permitted Investment or any Permitted Indebtedness.

## 11 Prescription

Claims against the Issuer for payment in respect of the Instruments shall be prescribed and become void unless made within 10 years or, where applicable, five years (in the case of interest) from the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which notice is duly given to the Instrumentholders in accordance with General Condition 17 (*Notices and Provision of Information*) that, upon further presentation of the Instrument being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

## 12 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in Aggregate Nominal Amount of the Instruments then outstanding, or if so directed by an Extraordinary Resolution of such holders, shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that, in respect of each such Instrument, the Early Termination Amount (which, for the avoidance of doubt, if indicated as such in the relevant Final Terms, shall include accrued interest (if any) thereon to the date of payment in respect of Instruments) is, and shall accordingly forthwith become, immediately due and payable, and the Series Assets will be subject to realisation in accordance with the Securitisation Act 2004 and the terms of the Series Instrument and the security constituted by or created pursuant to the Series Instrument shall become enforceable, as provided in the Series Instrument, in any of the following events (each, an “**Event of Default**”):

- 12.1 if default is made in the payment of any sum due in respect of the Instruments or any of them is made for a period exceeding the Grace Period; or
- 12.2 if the Issuer fails to perform or observe any of its other obligations under the Instruments, the Series Instrument and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or
- 12.3 if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution (including, without limitation, any bankruptcy (*faillite*), insolvency, voluntary, forced or judicial liquidation (*liquidation volontaire ou judiciaire ou forcée*), composition with creditors

(*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) of the Issuer or the Company (as appropriate) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution or formal notice is given of an intention to appoint an administrator (including, without limitation, any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert-vérificateur*), *juge délégué* or *juge commissaire*), provisional administrator (*administration provisoire*) or any application is made or petition is lodged or documents are filed with the court or administrator in relation to the Issuer or the Company (as appropriate).

The Issuer has undertaken in the Series Instrument that, on each anniversary of the date of the first entry into of a Series Instrument between the Issuer and the Trustee and also within 14 days upon request by the Trustee, it will send to the Trustee a certificate signed by a director of the Issuer (each, a “**Director**”) to the effect that, after making all reasonable enquiries by such Director, to the best of the knowledge, information and belief of such Director there did not exist, as at a date not more than five days prior to the date of the certificate, nor had there existed at any time prior thereto since the date of the Series Instrument or the date as of which the last such certificate was given if any, any Event of Default or Potential Event of Default or, if such an Event of Default or Potential Event of Default did then exist or had existed, specifying the same and to such other effect as the Trustee may require.

*The Series Instrument provides that the Trustee shall not be under any obligation to monitor whether or not an Event of Default or a Potential Event of Default has occurred or is continuing and until expressly notified to the contrary may assume that no such event has occurred and that the Issuer is complying with all its obligations under the Series Instrument or any other document.*

### **13 Enforcement**

At any time the Trustee may, at its discretion and without further notice, take such action or institute such proceedings, other than insolvency related proceedings, against the Issuer as it may think fit to enforce the terms of the Series Instrument and the Instruments and, at any time after the Instruments or any of them become due and payable or after the security in respect of the relevant Series becomes enforceable, to the extent provided in the Series Instrument, to enforce the security constituted by the Series Instrument, but it shall not be obliged to take any such action or any such proceedings unless (a) it shall have been so requested or directed by any person entitled to make such request or give such direction pursuant to General Condition 8.10.1 (*Realisation of the Series Assets*) and (b) it shall have been indemnified and/or secured to its satisfaction and provided that it shall not be obliged to take any action or bring any proceedings if it would be against any applicable law.

Only the Trustee (or, to the extent provided in General Condition 8.10.2 (*Selling Agent*), the Selling Agent) may pursue the remedies available under the Series Instrument to enforce the rights of the Instrumentholders and/or any Hedging Counterparty and/or the Custodian, and/or any applicable Servicer in respect of the Series Assets and the security and none of any Instrumentholder, any Hedging Counterparty, the Custodian or the Principal Agent is entitled to proceed against the Issuer with respect to realisation of the Series Assets or the security unless the Trustee, having become bound to proceed in accordance with the terms of the Series Instrument, fails or neglects to do so for a reasonable period.

The Trustee, any Hedging Counterparty, the Instrumentholders, the Custodian, any Servicer and the Principal Agent shall have recourse only to the Series Assets and the Selling Agent or the Trustee having realised the same and distributed the net proceeds in accordance with Condition 8.4 (*General provisions relating to*

*security*), the Trustee, any Hedging Counterparty, the Instrumentholders, the Custodian, the Principal Agent or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer or the Trustee to recover any further sum (save for lodging a claim in the liquidation of the Issuer initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer) and the right to receive any such sum shall be extinguished. In particular, none of the Trustee, any Hedging Counterparty, the Custodian, any Servicer, the Principal Agent, any Instrumentholder nor any other party to the Series Instrument shall be entitled to petition or take any other step for the winding-up, liquidation or bankruptcy of the Issuer or any other insolvency related proceedings, nor shall any of them have any claim in respect of any asset of the Issuer not forming part of the Series Assets. In addition, no Instrumentholders may start proceedings against the Issuer which are based on article 98 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended.

The Trustee shall not be obliged to take any action under the Series Instrument or any other document in respect of a Series unless it (a) has been directed by an Extraordinary Resolution of the Instrumentholders; or (b) has been so requested or directed by any person entitled to make such request or give such direction pursuant to General Condition 8.10.1 (*Realisation of the Series Assets*) or this General Condition 13; and (c) in each case, the Trustee shall have been indemnified and/or secured to its satisfaction, and provided further that it shall not be obliged to take any action if it would be against any applicable law.

## **14 Meetings of Instrumentholders; Modifications; Waiver; Substitution**

### **14.1 Meetings of Instrumentholders**

The Series Instrument contains provisions for convening meetings of Instrumentholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Instruments (including these General Conditions or the provisions of the Series Instrument insofar as the same may apply to such Instruments). The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in Aggregate Nominal Amount of the Instruments for the time being outstanding or, at any adjourned such meeting, one or more persons being or representing Instrumentholders, whatever the Aggregate Nominal Amount of the Instruments so held or represented, and an Extraordinary Resolution duly passed at any such meeting shall be binding on all the Instrumentholders, whether present or not, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity of the Instruments, or any date for any payment in respect thereof, (ii) to cancel any Instrument or reduce the nominal amount or Calculation Amount of any Instrument or reduce any amount payable on redemption or cancellation of, the Instruments, (iii) other than as determined by the Calculation Agent in accordance with these General Conditions, to reduce the rate or rates of interest (if any) or to modify, except where such modification is in the opinion of the Trustee bound to result in an increase, the method of calculating the amount payable or to modify of the date of payment, or, where applicable the method of calculating the date of payment in respect of any principal, premium or interest (if any) in respect of the Instruments, (iv) if a Minimum Interest Rate and/or a Maximum Interest Rate is shown in the relevant Final Terms, to reduce any such Minimum Interest Rate and/or Maximum Interest Rate, (v) to change any method of calculating the Early Termination Amount or any other amount payable in respect thereof, (vi) to change the currency or currencies of payment or denomination of the Instruments, (vii) to take any steps which as specified in the Series Instrument may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Instrumentholders or the majority required to pass an Extraordinary Resolution, (ix) to modify the provisions of the Series Instrument concerning this exception or (x) to modify any other provisions

specifically identified for this purpose in the Series Instrument, will only be binding if passed at a meeting of the Instrumentholders, the quorum at which shall be one or more persons holding or representing 75 per cent. or, at any adjourned meeting, not less than 25 per cent., in Aggregate Nominal Amount of the Instruments for the time being outstanding.

Instrumentholders will be entitled to examine 15 days before the annual general meeting at the registered office of the Issuer (i) the annual accounts and the list of directors as well as the list of the approved statutory auditors (*réviseurs d'entreprises agréés*), (ii) the list of sovereign debt, shares, bonds and other company securities making up the portfolio, (iii) the report of the Board and (iv) the report of the approved statutory auditors.

Instrumentholders may attend general meetings of the shareholders of the Company and shall be entitled to speak but not to vote.

*The provisions relating to meetings of bondholders contained in articles 86 to 97 of the Luxembourg Company Law will not apply in respect of the Instruments.*

## **14.2 Modification**

Without prejudice to the need to obtain the consent of each other party to the relevant agreement or deed, the Trustee may, without the consent of the Instrumentholders but only with the prior written consent of any Hedging Counterparty, agree to (i) any modification to the Series Instrument, any Hedging Agreement or any other agreement or document entered into in relation to the Instruments which is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven, (ii) any modification of any of the provisions of the Series Instrument, any Hedging Agreement or any other agreement or document entered into in relation to the Instruments which in the opinion of the Trustee is not materially prejudicial to the interests of the Instrumentholders and provided in each case that, in the case of rated Instruments, each Relevant Rating Agency has received prior notice in writing of such modification and (iii) any modification of the provisions of the Series Instrument, any Hedging Agreement or any other agreement or document entered into in relation to the Instruments which is made to satisfy any requirement of (in the case of rated Instruments) any Relevant Rating Agency or any stock exchange on which the Instruments are or are proposed to be listed and which, in each case, is not in the opinion of the Trustee materially prejudicial to the interests of the Instrumentholders. The Series Instrument provides that the Issuer shall not agree to any amendment or modification of the Series Instrument without first obtaining the consent in writing of the Hedging Counterparty, which consent shall not be unreasonably withheld or delayed.

If the Trustee shall so require, any such modification shall be notified by the Issuer to the Instrumentholders as soon as practicable thereafter in accordance with General Condition 17 (*Notices and Provision of Information*).

## **14.3 Waiver**

The Trustee may, without the consent of the Instrumentholders but only with the prior written consent of any Hedging Counterparty and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, but only if and in so far as in its opinion the interests of the Instrumentholders shall not be materially prejudiced thereby, waive or authorise, on such terms and conditions as to it shall seem expedient, any breach or proposed breach by the Issuer of any of the covenants or provisions in the Series Instrument or these Instruments or determine that any Event of Default or Potential Event of Default shall not be treated as such provided always that the Trustee shall not exercise any powers conferred on it by this General Condition 14.3 in contravention of any express

direction given by an Extraordinary Resolution of the Instrumentholders but no such direction shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination shall be binding on the Instrumentholders and any Hedging Counterparty.

#### **14.4 Substitution**

The Series Instrument contains provisions permitting the Trustee to agree, subject to such amendment of the Series Instrument and such other conditions as the Trustee may require but without the consent of the Instrumentholders but subject to the prior written consent of any Hedging Counterparty, to the substitution of any other company (a “**Substitute Company**”) in place of the Issuer or of any previous substituted company, as principal obligor under the Series Instrument and all of the Instruments then outstanding (subject, in the case of rated Instruments, to each Relevant Rating Agency having received prior notice in writing of such substitution) provided that such substitution would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Instrumentholders and subject to the other Conditions in the Series Instrument being complied with. In the case of such a substitution the Trustee may agree, without the consent of the Instrumentholders but subject to the prior written consent of any Hedging Counterparty (and to the extent permitted under applicable laws and international conventions), to a change of the law governing the Instruments and/or the Series Instrument provided that (i) such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Instrumentholders and (ii) in the case of rated Instruments, each Relevant Rating Agency has received prior notice in writing of such change.

The Series Instrument provides that, if a Director or other authorised officer of any Substitute Company certifies that the Substitute Company will be solvent immediately after the time at which the substitution is to be effected, the Trustee shall not have regard to the financial condition, profits or prospects of such Substitute Company or compare the same with those of the Issuer (or any previously substituted company).

*In the case of a substitution of the Issuer in accordance with this General Condition 14.4, a notice will, in the case of any Series of Instruments listed on the Official List of the Luxembourg Stock Exchange and/or any other stock exchange (and for so long as the rules and regulations of the Luxembourg Stock Exchange or, as the case may be, such other stock exchange so require), be published on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)) or, as the case may be, such other stock exchange. In addition, in the case of a substitution of the Issuer in accordance with this General Condition 14.4, for so long as any securities of the Issuer are listed on the Official List of the Luxembourg Stock Exchange so require, the Issuer will comply with such other requirements as may be reasonably necessary to maintain the listing on the Official List of the Luxembourg Stock Exchange.*

*By subscribing to, or otherwise acquiring, the Instruments, the holders of Instruments expressly consent to the substitution of the Issuer and to the release of the Issuer from any and all obligations in respect of the Instruments and any relevant agreements and are expressly deemed to have accepted such substitution and the consequences thereof.*

#### **14.5 Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this General Condition) the Trustee shall have regard to the interests of the holders of the Instruments as a Series and shall not have regard to the consequences of such exercise for individual Instrumentholders whatever their number and, in particular but without limitation, shall not have regard to the consequence of any such exercise for individual Instrumentholders resulting from their being

domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Instrumentholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual holders of such Instruments.

## **15 Replacement of Instruments**

If an Instrument is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws at the specified office of the Principal Agent in London or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Instrumentholders in accordance with General Condition 17 (*Notices and Provision of Information*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Instruments must be surrendered before replacements will be issued.

## **16 Further Issues**

The Issuer may, from time to time without the consent of the Instrumentholders, create and issue further securities so as to be consolidated and form a single series with the existing Instruments subject to General Condition 10 (*Restrictions*) and subject, (1) in the case of rated Instruments, to each Relevant Rating Agency having received prior notice in writing of such issue and (2) in the case of unrated Instruments, the Trustee being satisfied that the value of the Series Assets relating to the relevant Series is correspondingly increased.

Any such securities shall be constituted in accordance with the Series Instrument.

## **17 Notices and Provision of Information**

In the case of Instruments represented by one or more Global Instruments, notices to the Instrumentholders will be valid if delivered to the Clearing Agent(s) for communication by them to the accountholders with interests in such Instruments, provided that so long as the Instruments are listed on any stock exchange or publicly offered in any jurisdiction, any notice to the Instrumentholders shall be published in accordance with the rules and regulations of each such stock exchange and each such jurisdiction. If and so long as the Instruments are listed on the Official List of the Luxembourg Stock Exchange and the rules of such exchange so require, any notice delivered to the Instrumentholders shall also be published in English in accordance with the rules and regulations of the Luxembourg Stock Exchange (which include publication on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu))).

Any such notice shall be deemed to have been given to the holders of the Instruments on the Business Day immediately following the day on which the said notice was given to the Clearing Agent(s) or, as long as the Instruments are listed on the Official List of the Luxembourg Stock Exchange, following the day on which the notice was published in accordance with the rules and regulations of the Luxembourg Stock Exchange.

## **18 Agents**

The Agents act solely as agents of the Issuer and do not assume any obligation or duty to, or any relationship of agency or trust for or with, any Instrumentholder.

Subject as provided in General Condition 8.8 (*Application of Proceeds of Series Assets*) relating to the Custodian, the Issuer reserves the right pursuant to the Agency Agreement at any time with the prior written approval of the Trustee to vary or terminate the appointment of any of the Agents and to appoint additional or other Paying Agents, provided that the Issuer will at all times maintain (i) a Principal Agent, (ii) a Calculation

Agent where the relevant Final Terms so requires, (iii) a Paying Agent having a specified office in a European city approved by the Trustee, (iv) a Custodian where the relevant Final Terms so requires, (v) a Selling Agent where the relevant Final Terms so requires and (vi) a Servicer where the relevant Final Terms so requires. If, and to the extent that, any of the Instruments are listed on any stock exchange or publicly offered in any jurisdiction, a Paying Agent will be maintained in each country as may be required by the rules and regulations of each such stock exchange and each such jurisdiction. Notice of any such change or any change of any specified office of any Paying Agent will promptly be given to the Instrumentholders in accordance with General Condition 17 (*Notices and Provision of Information*). All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of the relevant Final Terms whether by the Calculation Agent or the Trustee or its appointee shall, in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Agent, the Paying Agents, the Calculation Agent and all Instrumentholders and no liability to the Issuer, the Instrumentholders or any other person shall attach to (in the absence as aforesaid) the Calculation Agent or (in the absence of wilful default) the Trustee or its appointee (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

## **19 Indemnification and Obligations of the Trustee; Replacement of the Trustee**

The Series Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Collateral or for the value, validity and sufficiency of the Series Assets and enforceability (which the Trustee has not investigated) of the security created over the Series Assets. The Trustee is not obliged to take any action under the Series Instrument unless directed or requested as provided in General Conditions 8.10 (*Realisation of the Series Assets*), 12 (*Events of Default*) and 13 (*Enforcement*) and indemnified to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Issuer, any Collateral Obligor, Collateral Guarantor or Collateral Support Provider (where applicable), any Hedging Counterparty, or any of their subsidiary, holding or associated companies without accounting to the Instrumentholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Collateral, from any obligation to insure or to procure the insuring of the Collateral (or any documents evidencing, constituting or representing the same or transferring any rights or obligations thereunder) and from any claim arising from the fact that the Collateral is held in an account with Euroclear, Clearstream, Luxembourg, Clearstream, Frankfurt or any other clearance system in accordance with that system's rules or otherwise held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for supervising the performance by any other person of their obligations to the Issuer.

The Series Instrument provides that the Trustee will be under no obligation or duty to act on any directions of the Instrumentholders or any Hedging Counterparty (save in each case as expressly provided in the Series Instrument) and (save as aforesaid) in the event of any conflict between directions given by the Instrumentholders and any Hedging Counterparty (in any case where it is expressly provided in the Series Instrument that the Instrumentholders and the Hedging Counterparty(ies) are entitled to give directions to the Trustee) it shall be entitled to act in accordance only with the directions of the Instrumentholders (but without prejudice to the provisions concerning the enforcement of security under General Conditions 8.10 (*Realisation of the Series Assets*) and 13 (*Enforcement*) and the Series Instrument and to the provisions concerning the application of moneys received by the Trustee upon such enforcement under General

Condition 8.4 (*General provisions relating to security*) and the Series Instrument) subject in each case to the Trustee being indemnified or secured to its satisfaction.

The Series Instrument provides that the Issuer may replace the Trustee subject to the prior approval by Extraordinary Resolution of the Instrumentholders and the consent of the Hedging Counterparty.

## **20 Governing Law and Jurisdiction**

### **20.1 Governing Law**

The Series Instrument and the Instruments (and any non-contractual obligations arising out of or in connection with the Series Instrument and the Instruments) are governed by, and shall be construed in accordance with, English law. For the avoidance of doubt, articles 86 to 97 of the Companies Act 1915, as amended, are excluded.

### **20.2 Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Series Instrument or the Instruments (including any disputes relating to any non-contractual obligations arising out of or in connection with the Series Instrument and/or the Instruments) and accordingly any legal action or proceedings arising out of or in conjunction with the Series Instrument or the Instruments may be brought in such courts. The Issuer has in the Series Instrument irrevocably submitted to the jurisdiction of such courts.

### **20.3 Agent for Service of Process**

The Issuer has irrevocably appointed the person specified in the Series Instrument as its Agent for Service of Process, at its registered office for the time being, as its agent to receive, for it and on its behalf, service of process in any proceedings in England.

## **21 Contracts (Rights of Third Parties) Act 1999**

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

## **22 Index Adjustment Provisions**

### **22.1 Delay of Publication of the Index**

22.1.1 If a First Index Level or a Second Index Level for any applicable month has not been published or announced on or before the day that is five Business Days prior to the next Interest Payment Date, the Calculation Agent shall determine a Substitute Index Level in place of such First Index Level or Second Index Level, as the case may be, by using the following methodology:

- (i) If “Related Bond” is specified as being Applicable in the relevant Final Terms, the Calculation Agent will take the same action to determine the Substitute Index Level for the relevant month as that taken by the calculation agent pursuant to the terms and conditions of the Related Bond;
- (ii) if “Related Bond” is specified as being Not Applicable in the relevant Final Terms or If the process described in (i) above does not result in a Substitute Index Level for the relevant

month for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

**“Substitute Index Level”** = Base Level x (Latest Level / Reference Level)

Where:

**“Base Level”** means the level of the Index (excluding any “flash” estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the relevant month.

**“Latest Level”** means the latest level (the relevant month of such calculation being the **“Earlier Month”**) of the Index (excluding any “flash” estimates) published or announced by the Index Sponsor prior to the relevant month.

**“Reference Level”** means the level of the Index (excluding any “flash” estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the Earlier Month referred to in “Latest Level” above.

**“Related Bond”** means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any governmental agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. The Calculation Agent will select the Related Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Related Bond shall be selected by the Calculation Agent from those bonds. If the Related Bond redeems the Calculation Agent will select a new Related Bond on the same basis, but selected from all eligible bonds in issue at the time the original Related Bond redeems (including any bond for which the redeemed bond is exchanged).

- 22.1.2 If the level of the Index is published or announced at any time after the day that is five Business Days prior to the next Interest Payment Date, such level will not be used in any calculations. The Substitute Index Level so determined pursuant to this provision, will be the definitive level for the relevant month.
- 22.1.3 The Issuer shall give notice to the Instrumentholders in accordance with General Condition 17 (*Notices and Provision of Information*) of any Substitute Index Level calculated pursuant to this General Condition 22.

## **22.2 Cessation of Publication**

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index then the Calculation Agent shall determine a successor index (in lieu of any previously applicable Index) for the purposes of the Instruments by using the following methodology:

- 22.2.1 If “Related Bond” is specified as being Applicable in the relevant Final Terms, if at any time a successor index has been designated by the Calculation Agent as calculation agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a “**Successor Index**” for the purposes of all subsequent Interest Periods in relation to the Instruments, notwithstanding that any other Successor Index may previously have been determined pursuant to paragraphs 22.2.2, 22.2.3 or 22.2.4; or
- 22.2.2 if a Successor Index has not been determined under 22.2.1 above and a notice has been given or an announcement has been made by an Index Sponsor, specifying that the Index will be superseded by a replacement Index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Index for purposes of the Instruments from the date that such replacement Index comes into effect; or
- 22.2.3 if no replacement index or Successor Index has been determined under paragraphs 22.2.1 or 22.2.2 above, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the “**Successor Index**”. If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the “**Successor Index**”. If fewer than three responses are received, the Calculation Agent will adopt the methodology described in paragraph 22.2.4 below; or
- 22.2.4 if no replacement index or Successor Index has been determined or deemed, as the case may be, under 22.2.1, 22.2.2 or 22.2.3 above by the fifth Business Day prior to the next Interest Payment Date, the Calculation Agent will determine an appropriate alternative index for such Interest Payment Date, and such index will be deemed a “**Successor Index**”; or
- 22.2.5 if the Calculation Agent determines that there is no appropriate alternative index:
- (i) if “Early Redemption on Cessation of Publication” is marked as “Applicable” in the relevant Final Terms, the Issuer shall give not more than 30 and not less than 15 calendar days’ notice to the Instrumentholders and upon expiry of such notice shall redeem all but not some only of the Instruments at the Early Termination Amount (if any); or
  - (ii) if “Early Redemption on Cessation of Publication” is marked as Not Applicable in the relevant Final Terms, the Inflation Rate for the relevant Interest Period shall be deemed to be zero.

### 22.3 Rebasing of the Index

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the “**Rebased Index**”) will be used for purposes of determining level of the Index from the date of such rebasing; provided, however, that the Calculation Agent shall make any adjustments made by the calculation agent pursuant to the terms and conditions of the Related Bond (if “Related Bond” is specified as being Applicable in the relevant Final Terms) to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Otherwise the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Instruments.

#### **22.4 Material Modification Prior to Interest Payment Date**

If, on or prior to the day that is five Business Days before an Interest Payment Date, the relevant Index Sponsor announces that it will make a material change to the Index then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Bond (if “Related Bond” is specified as being Applicable in the relevant Final Terms) or, otherwise, only those adjustments necessary for the modified Index to continue as the Index.

#### **22.5 Manifest Error in Publication**

If, within thirty days of publication and in any event prior to the day that is five Business Days before an Interest Payment Date, the Calculation Agent determines that the relevant Index Sponsor has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will notify the parties of (i) that correction, (ii) the amount that is payable as a result of that correction and (iii) take such other action as it may deem necessary to give effect to such correction.

## ARTICLES OF ASSOCIATION

The following is only a summary of certain provisions of the Articles and is subject to the express terms of the Articles which are binding on all Instrumentholders. You should also refer to the Articles, which are available for inspection as set out in “*General Information*” below. The Articles are incorporated by reference in full into this Base Prospectus.

The Articles contain provisions to the following effect:

(a) **Compartments and application of assets**

The Board may establish one or more Compartments which may be distinguished by the nature of acquired risks or assets, the distinctive terms of the issues made in their respect, the reference currency or other distinguishing characteristics. The terms and conditions of the Instruments issued in respect of, and the specific objects of, each Compartment shall be determined by the Board and shall be stated in the Conditions relating to that Compartment. Each Instrumentholder shall be fully aware of the Conditions applicable to these Instruments and the Articles. Each Compartment may issue relevant Instruments.

Subject to any particular rights or variation of the following provisions or limitations for the time being attached to any Instruments, as may be specified in the Articles or upon which such Instruments may be issued including, without limitation, the relevant Conditions, if a Compartment is liquidated, its assets shall be applied in the following order:

- (i) first, *pro rata* in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable in respect of such liquidation, including, if applicable, any such amounts incurred by or payable to the Trustee (if any) in respect of such Instruments, any appointee thereof, or any receiver made or pursuant to the Series Instrument (if any) executed in respect of such Instruments (including any taxes required to be paid, the costs of realising any security and the Trustee’s remuneration);
- (ii) secondly, *pro rata* in payment of any amounts owing to the Hedging Counterparty (which for this purpose shall include any amounts owing to the Custodian for reimbursement in respect of payments made to the Hedging Counterparty relating to sums receivable on or in respect of the Collateral);
- (iii) thirdly, *pro rata* in payment of any amounts owing to the holders of such Instruments (which for this purpose shall include any amount owing to the issuing and paying agent for reimbursement in respect of any payment made to beneficial holders of the Instruments or to a Clearing Agent on behalf of such holders); and
- (iv) fourthly, in payment of the balance (if any) to the Issuer which shall use such proceeds to pay, among other things, all other claims that have arisen in connection with the creation, operation or liquidation of the Compartment and which are not provided for in the previous paragraphs or in the waterfall included in the Conditions (and any creditors of such claims, the “**Compartment-Specific Claims Creditors**”).

No Instruments shall be issued on terms that entitle the holders of any Series of Instruments to participate in the assets of the Issuer other than the assets (if any) of the relevant Compartment. If the realised net assets of any Compartment are insufficient to pay any amounts otherwise payable on the relevant Series in full in accordance with the Conditions and these Articles, the relevant holders shall

have no claim against the Issuer for or in respect of any shortfall and shall have no claim against any other Compartment or any other assets of the Issuer.

Each Compartment corresponds to a separate part of the Company's assets and liabilities. The rights of holders of Instruments issued in respect of a Compartment and the rights of creditors (including, without limitation, the Compartment-Specific Claims Creditors) are limited to the assets of that Compartment, where these rights relate to that Compartment or have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment. The assets of a Compartment are, subject to the Pro Rata Rights of the Non Compartment-Specific Claims Creditors (both as defined below) set forth below, exclusively available to satisfy the rights of holders of Instruments issued in relation to that Compartment and the rights of creditors (including, without limitation, the Compartment-Specific Claims Creditors) whose claims have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment and such holders of Instruments and such creditors acknowledge and accept that once all the assets allocated to that Compartment under which they have invested or in respect of which their claims have arisen, have been realised, they are not entitled to take any further steps against the Issuer or the Company to recover any further sums due and the right to receive any such sum shall be extinguished.

In the relationship between the holders of Instruments, each Compartment is deemed to be a separate entity.

The rights of creditors (the "**Non Compartment-Specific Claims Creditors**") whose claims have not arisen in connection with the creation, operation or liquidation of a Compartment and which have not waived their recourse to the assets of any Compartment, shall be allocated by the Company on a half year basis in arrears to all the Compartments (on an equal basis and *pro rata temporis* for Compartments created within such half year) where the relevant Conditions or the Articles expressly authorise Non Compartment-Specific Claims Creditors to have recourse against the rights and assets allocated to such Compartments. Such rights of a Non Compartment-Specific Claims Creditor against a Compartment are hereinafter referred to as the "**Pro Rata Rights**". Each Non Compartment-Specific Claims Creditor acknowledges and accepts that once all the assets allocated to a Compartment in respect of which it has Pro Rata Rights have been realised, it is not entitled to take any further steps against the Issuer or the Company to recover such Pro Rata Rights and the right to receive any sum in respect of the Pro Rata Rights shall be extinguished.

The Compartment-Specific Claims Creditors and the Non Compartment-Specific Claims Creditors expressly accept, and shall be deemed to have accepted by entering into contractual obligations with the Issuer or the Company (as applicable), that priority of payment and waterfall provisions are included in the Articles and will be included in the Conditions and they expressly accept, and shall be deemed to have accepted the consequences of such priority of payments and waterfall provisions.

The Board shall establish and maintain separate accounting records for each of the Compartments of the Company for the purposes of ascertaining the rights of holders of Instruments issued in respect of each Compartment for the purposes of these Articles and the Conditions, such accounting records to be conclusive evidence of such rights in the absence of manifest error.

Where any asset is derived from another asset (whether cash or otherwise) such derivative asset shall be applied in the books of the Issuer to the same Compartment as the asset from which it was derived and on each revaluation of an asset the increase or diminution in the value of such asset shall be applied to the relevant Compartment.

In the case of any asset of the Company (not being attributable to the ordinary shares) which the Board, or any person acting on behalf of the Board, does not consider is attributable to a particular

Compartment, the Board, or any person acting on behalf of the Board, shall have the discretion to determine the basis upon which any such asset shall be allocated or apportioned between Compartments, if at all, and the Board shall have power at any time and from time to time to vary such basis.

Unless otherwise determined in the Conditions of a Compartment, the Board (or its delegate) may at any time liquidate single Compartments, unless such liquidation occurs in the context of a general liquidation of the Company.

Consolidated accounts of the Company, including all Compartments, shall be expressed in the reference currency of the corporate capital of the Company. The reference currencies of the Compartments may be in different denominations.

The rights of the ordinary shareholders or the sole ordinary shareholder of the Company are limited to the assets of the Company which are not allocated to a Compartment.

(b) **Meetings of the Board**

The Board can deliberate and/or act validly only if at least the majority of the Company's directors is present or represented at a meeting of the Board and if at least 50 per cent. of the directors who are present at such meeting are resident in Luxembourg for tax purposes. Decisions shall be taken by a majority of the votes of the directors present or represented at such meeting. In the event that at any meeting the number of votes for and against a resolution are equal, the chairman of the board shall have a casting vote.

(c) **Directors**

The Company shall be managed by a Board composed of at least three directors who need not be ordinary shareholders. They shall be elected for a term not exceeding six years and shall be eligible for re-election.

A majority of the directors are not resident in the UK for tax purposes.

Each director shall be appointed by the ordinary shareholders at the general meeting of the ordinary shareholders. The ordinary shareholders shall also determine the number of directors, their remuneration and the term of their office. The Articles do not provide for the directors to retire by rotation or by virtue of their attaining a certain age.

When a legal person is appointed as a member of the Board (the "**Legal Entity**"), the Legal Entity must designate a permanent representative (*représentant permanent*) who will represent the Legal Entity as member of the Board in accordance with article 51bis of the Companies Act 1915.

(d) **Delegation of Powers**

The Board may appoint one or more persons, who may be, but need not be, directors, who shall have full authority to act on behalf of the Issuer or the Company (as appropriate) in all matters concerned with the daily management and affairs of the Issuer or the Company (as appropriate). The Board is also authorised to appoint one or more persons, who may be, but need not be, directors without the prior authorisation of the general meeting of the ordinary shareholders, for the purposes of performing specific functions at every level within the Issuer or the Company (as appropriate).

The Board is further authorised to appoint proxies for specific transactions.

(e) **Directors' Interests**

*No contract or other transaction between the Issuer or the Company (as appropriate) and any other company or firm shall be affected or invalidated by the fact that any one or more of the directors or officers of the Company is interested in, or is a director, associate, officer or employee of, such other company or firm.*

Any director or officer of the Company who serves as director, officer or employee of any company or firm with which the Company shall contract or otherwise engage in business shall not, solely by reason of such affiliation with such other issuer or firm, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

In the event that any director of the Company may have any personal and opposite interest in any transaction of the Company, such director shall make known to the Board such personal and opposite interest and shall not consider or vote upon any such transaction, and such transaction, and such director's interest therein, shall be reported to the next following general meeting of the ordinary shareholders.

The paragraph above does not apply to resolutions of the Board concerning transactions made in the ordinary course of business of the Issuer or the Company (as appropriate) which are entered into on arm's length terms.

(f) **Winding-up**

The Company may be dissolved, at any time, by a resolution of the general meeting of ordinary shareholders adopted in the manner required for amendment of the Articles. In the event of a dissolution of the Company, the liquidation shall be carried out by one or more liquidators (who may be physical persons or legal entities) named by the general meeting of ordinary shareholders deciding such liquidation. Such general meeting of ordinary shareholders shall also determine the powers and the remuneration of the liquidator(s).

The liquidation of a Compartment will not affect the status of any other Compartment nor of the Company in general.

Sums and assets payable to investors (be they holders of Instruments, other securities issued by the Issuer or Company or ordinary shareholders) who failed to present themselves at the time of the closure of the liquidation shall be paid to the public trust office (*Caisse de consignation*) to be held for the benefit of the persons entitled thereto.

## DESCRIPTION OF THE ISSUER

### General

Palladium Securities 1 S.A. (the “**Company**”) is a special purpose vehicle incorporated as a *société anonyme* (public limited liability company) under the laws of the Grand Duchy of Luxembourg for the purpose of issuing asset backed securities on 8 September 2004 and its activities as a regulated securitisation undertaking are subject to the Securitisation Act 2004. A copy of the incorporation deed containing the Articles was published in the *Mémorial C, Recueil des sociétés et associations* on 22 November 2004 and the Issuer is registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B.103.036. The Articles were amended on 23 April 2009. Copies of the amended and restated Articles was published in the *Mémorial C, Recueil des sociétés et associations* number 1012 on 15 May 2009.

The registered office of the Company is at 2, boulevard Konrad Adenauer, L-1115 Luxembourg and its telephone number is +352 4 21 22 - 1.

In accordance with the Securitisation Act 2004, the Company entrusts the custody of its liquid assets and securities to Deutsche Bank Luxembourg S.A., a credit institution established in Luxembourg.

### Share Capital and Shareholders

The authorised share capital and the issued share capital of the Company is €227,272.50 divided into 181,818 Ordinary Shares (as defined in the Articles) of €1.25 each.

The Company has issued 181,818 Ordinary Shares, all of which are fully paid and are held by the following persons:

	<b>No. of Ordinary Shares owned</b>
<hr/>	
<b>Ordinary Shareholders</b>	
The Freesia Charitable Trust	
Anson House, Havilland Street, St Peter Port, Guernsey, Channel Islands GY1 3GF .....	181,816
Ansons Fund Managers Limited	
Anson House, Havilland Street, St Peter Port, Guernsey, Channel Islands GY1 3GF .....	2

Each of the issued Ordinary Shares is held on trust by the holders thereof (each holder a “**Share Trustee**” and, together, the “**Share Trustees**”) under the terms of a declaration of trust dated 3 September 2004, under which the relevant Share Trustee holds its Ordinary Shares on trust for charity. The Share Trustees have no beneficial interest in and derive no benefit (other than any expenses for acting as Share Trustee) from their holding of the issued shares. The Share Trustees will apply any income derived by them from the Company solely for charitable purposes.

## **Business**

So long as any of the Instruments remain outstanding, the Company acting in respect of a specific compartment (the “**Issuer**”) will be subject to the restrictions set out in General Condition 10 for Instruments, the relevant Series Instrument and the Articles.

The preliminary expenses of the Company acting in its capacity as Issuer for establishing the Programme are payable by the Arranger.

The corporate objects of the Company set out in the Articles are to enter into, perform and serve as a vehicle for any securitisation transactions as permitted under the Securitisation Act 2004.

The Company may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or ownership of claims, structured deposits, receivables and/or other goods, structured products relating to commodities or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities (*valeurs mobilières*) of any kind whose value or return is linked to these risks. The Company may assume or acquire these risks by acquiring, by any means, claims, deposits, receivables and/or other goods, structured products relating to commodities or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way. The method that will be used to determine the value of the securitised assets will be set out in the relevant issue documentation proposed by the Issuer.

The Company may, within the limits of the Securitisation Act 2004, proceed, so far as they relate to securitisation transactions, to (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings and exchangeable or convertible securities) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto, and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above) in accordance with the provisions of the relevant issue documentation.

The Company may, within the limits of the Securitisation Act 2004 and for as long as it is necessary to facilitate the performance of its corporate objects, borrow in any form and enter into any type of loan agreement. It may issue notes, bonds (including exchangeable or convertible securities and securities linked to an index or a basket of indices or shares), debentures, certificates, shares, beneficiary shares, warrants and any kind of debt or equity securities, including under one or more issue programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities, within the limits of the Securitisation Act 2004 and provided such lending or such borrowing relates to securitisation transactions, to its subsidiaries or affiliated companies or to any other company.

The Company may, within the limits of the Securitisation Act 2004, give guarantees and grant security over its assets in order to secure the obligations it has assumed for the securitisation of those assets or for the benefit of investors (including their Trustee or representative, if any) and/or any issuing entity participating in a securitisation transaction of the Company. The Company may not pledge, transfer, encumber or otherwise create security over some or all of its assets or transfer its assets for guarantee purposes, unless permitted by the Securitisation Act 2004.

The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions for as long as such agreements and transactions are

necessary to facilitate the performance of the Company's corporate objects. The Company may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The Board is entitled to create one or more Compartments (representing the assets of the Company relating to an issue by the Company of securities), in each case corresponding to a separate part of the Company's estate.

The description above is to be understood in its broadest sense and it is without limitation. The corporate objects of the Company shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the objects listed above.

In general, the Company may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate objects to the largest extent permitted under the Securitisation Act 2004.

The Company has, and will have, no assets other than the sum of €249,999.75 representing the issued and paid-up share capital and share premium, such expenses (as agreed) per issue payable to it in connection with the issue of Instruments or the purchase, sale or incurring of other obligations and any Series Assets. Save in respect of the expenses generated in connection with each issue of Instruments, any related profits and the proceeds of any deposits and investments made from such expenses or from amounts representing the Company's issued and paid-up share capital and share premium, the Company will not accumulate any surpluses.

The Instruments are obligations of the Company acting in its capacity as Issuer alone and not of, or guaranteed in any way by, the Share Trustees or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by, the Arranger, any Hedging Counterparty or any Agent.

### **Administration, Management and Supervisory Bodies**

The Directors of the Company are as follows:

<b>Director</b>	<b>Principal outside activities</b>
Mr. Rolf Caspers	Employee of Deutsche Bank Luxembourg S.A.
Mr. Fabien Rossignol	Managing Director of Lealex Consult S.a.r.l. (Luxembourg)
Mr. Stéphane Weyders	Managing Director of Platinum Advisory Services

Stéphane Weyders has been appointed by the directors of the Company as chairman of the board of directors of the Issuer.

The business address of Rolf Caspers is 2, boulevard Konrad Adenauer, L-1115 Luxembourg, and the business address of each of Fabien Rossignol and Stéphane Weyders is 22, rue Goethe, L-1637 Luxembourg. The principal outside activities of Rolf Caspers as an employee of Deutsche Bank may be significant with respect to the Company to the extent that Deutsche Bank Luxembourg S.A. is the Custodian, Servicer and Domiciliation Agent (as defined below) of, and may be an affiliate of any other party participating in, the issuance of a Series of Instruments. To the extent that a conflict between Deutsche Bank Luxembourg S.A. and the Company exists, there may be a conflict of interest between the private interests of Rolf Caspers as a Director of the Company and those of the Issuer.

Deutsche Bank Luxembourg S.A. acts as the domiciliation agent of the Company (the “**Domiciliation Agent**”). The office of the Domiciliation Agent will serve as the registered office of the Company which is located at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg. Pursuant to the terms of the Domiciliation Agreement dated 9 September 2004 and entered into between the Domiciliation Agent and the Company, the Domiciliation Agent will perform in Luxembourg certain administrative, accounting and related services. In consideration of the foregoing, the Domiciliation Agent will receive various expenses payable by the Company at rates agreed upon from time to time. The appointment of the Domiciliation Agent may be terminated by either the Company or the Domiciliation Agent upon not less than two months’ prior written notice. The Domiciliation Agent is an affiliate of the Arranger and any Purchaser and may be an affiliate of any other party participating in the issuance of a Series of Instruments. To the extent that a conflict between such party and the Company exists, there may be a conflict of interest between the private interests of the Domiciliation Agent and those of the Company.

No corporate governance regime to which the Company would be subject exists in Luxembourg as at the date of this Base Prospectus.

### **Financial Statements**

The financial year of the Company begins on 1 February of each year and ends on 31 January of the following year save that the first financial year started on the date of incorporation of the Company and ended on 31 January 2006. The Company is currently in the process of filing with the Luxembourg trade and companies register its last audited financial statements in respect of the period ending on 31 January 2013.

In accordance with Articles 72, 74 and 75 of the Companies Act 1915 the Company is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of its shareholders. Subject as provided below, the ordinary general meeting of shareholders takes place annually on the fourth Friday of April or the next following Business Day (as defined in the Articles) at 2pm at the registered office of the Issuer or at such other place as may be specified in the convening notice. The last ordinary general meeting of shareholders took place on 26 April 2013.

Any future published annual audited financial statements prepared for the Company will be obtainable free of charge from the specified office of the Paying Agents in London and the Grand Duchy of Luxembourg, as described in “General Information”.

### **Dividends**

The Company has not paid any dividends since its incorporation on 8 September 2004.

### **Approved Statutory Auditors**

The approved statutory auditors (*réviseurs d’entreprises agréés*) of the Company, which have been appointed until the annual general meeting of shareholders to be held in 2014 by a resolution of the Board dated 26 April 2013, are Ernst & Young S.A. whose address is 7 Parc d’Activité Syrdall, L-5365 Munsbach, Luxembourg and who belong to the Luxembourg institute of auditors (*Instituts des réviseurs d’entreprises*).

Ernst & Young S.A. are entrusted with the auditing of the accounts of the Company. According to the Securitisation Act 2004, they shall inform the Board and also the CSSF of any irregularities and inaccuracies which they detect during the accomplishment of their duties.

### **CSSF supervision**

The Company is supervised by the CSSF which ascertains that it complies with the law and its obligations. This supervision will continue until such time as the Company is liquidated.

According to the Securitisation Act 2004, the CSSF may request from the Company a periodical statement of its assets and liabilities and its operating results. The CSSF may furthermore require communication of any information or carry out on-site investigations and inspect all the documents of the Company and of the Domiciliation Agent which relate to the organisation, administration, management, or operation of the Company or to the valuation of and return on the assets, in order to verify compliance with the provisions of the Securitisation Act 2004 and the provisions set out in the Articles, and in agreements relating to the issuance of securities (including, for instance, the Instruments), and the accuracy of the information it has been provided with.

If the CSSF finds that the Company is not complying with the provisions of the Securitisation Act 2004, the Articles or the agreements relating to the issuance of securities, or that the rights attached to the securities issued by the Company may be impaired, it may summon the Company to remedy the situation within a period it determines. If such summons is not complied with, the CSSF may (i) render public its position regarding the findings it has made, (ii) prohibit the issuance of securities, (iii) request the listing of the securities issued by the Company to be suspended, (iv) request the presiding judge of the chamber of the Luxembourg district court dealing with commercial matters to appoint a provisional administrator for the Company, or (v) withdraw its authorisation.

## **ADDITIONAL INFORMATION IN RELATION TO THE PARTIES TO THE STRUCTURE**

### **Deutsche Bank Group**

Deutsche Bank Aktiengesellschaft (“**Deutsche Bank AG**” or the “**Bank**”) originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank AG which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank AG is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. The Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main (telephone: +49-69-910-00) and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

The Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the “**Deutsche Bank Group**”).

The objects of Deutsche Bank AG, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The Bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Bank is entitled to transact all business and to take all steps which appear likely to promote the objects of the Bank, in particular: to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

### **Deutsche Bank AG, acting through its London Branch**

Deutsche Bank AG, acting through its London branch (Deutsche Bank AG, London Branch) will act as Arranger and Principal Agent with respect to the Instruments and may also act as Hedging Counterparty, Calculation Agent and Selling Agent, if so specified in the relevant Final Terms. Deutsche Bank AG, London Branch may also be appointed by the Custodian as its sub-custodian with respect to some or all of the Instruments. On 12th January 1973, Deutsche Bank AG filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14th January, 1993, Deutsche Bank AG registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales.

Deutsche Bank AG, London Branch is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

### **Deutsche Bank Luxembourg S.A.**

Deutsche Bank Luxembourg S.A. will act as Custodian and Servicer in respect of the Instruments to the extent of any Collateral and/or Hedging Collateral constituting “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004. Deutsche Bank Luxembourg S.A. was founded in 1970 as the first foreign subsidiary of Deutsche Bank AG, Frankfurt since the second world war. The Bank’s activities are based on three main pillars: Private Wealth Management, International Loans and Treasury & Global Markets. Deutsche Bank Luxembourg S.A. is a member of the Deutsche Bank Group. For further information on the Deutsche Bank Group please see the section above.

**Deutsche Trustee Company Limited**

Deutsche Trustee Company Limited is the Trustee. The Trustee's relationship with the Issuer is to act as trustee in relation to the Instruments under the Series Instrument.

## TAXATION

### Country Specific Taxation

*You are advised to consult your own tax advisers as to the tax consequences of transactions involving the Instruments.*

### Austrian Taxation

The following is a summary of some Austrian tax law aspects regarding the acquisition, holding and disposition of Instruments. It does not address all kind of investors or constitute tax advice and does not take into account circumstances of particular investors; prospective investors are urged to contact their tax advisors before making their investment in the Instruments.

#### **Income tax**

##### *Austrian Resident Taxpayers*

Individuals having a domicile or their habitual abode in Austria or corporations having their corporate seat or their place of management in Austria are considered residents for Austrian income and corporate income tax law purposes, respectively.

##### *Instruments held as private assets by tax residents who are individuals*

Generally income arising with respect to the Instruments in the form of either

- (i) fixed, variable, or floating interest payments (*Zinserträge*); or
- (ii) realized capital gains (*Einkünfte aus realisierten Wertsteigerungen*),

qualifies as ‘investment income’ (*Einkünfte aus Kapitalvermögen*) and, as such, is taxed under a special regime at a flat 25%-rate. Realized capital gains are the difference between (a) the amount realized (e.g., the sale proceeds, the redemption or other pay-off amount, or the fair market value in case of a deemed realization) and (b) the acquisition costs; in both cases (amount realized and acquisition costs) including accrued interest, if any.

For Instruments held as private assets, the acquisition costs do not include ancillary acquisition costs (*Anschaffungsnebenkosten*). An average price is determined regarding Instruments not acquired at the same time, but held in the same securities account with the same securities identification number. Expenses and costs (*Aufwendungen und Ausgaben*) that are directly connected with investment income are not tax effective.

Capital gains are not only taxed upon an actual disposition or redemption of the Instruments, but also upon a deemed realization, particularly upon losing the residency status in Austria (i.e. move abroad) or upon withdrawals (*Entnahmen*) and other transfers of Instruments from one securities account to another one. For both cases exemptions are in place, in particular in the case of migration to another EU Member State or, upon the transfer to another deposit account, under the following conditions: Exempt from such “deemed realization” is the transfer of the Notes to a securities account held by the same taxpayer (i) with the same Austrian bank or (ii) with another Austrian bank, if the account holder instructs the transferring bank to disclose the acquisition costs to the receiving bank, or (iii) with a non-Austrian bank, if the account holder instructs the transferring bank to transmit specific information to the competent tax authority, or (iv) with a non-Austrian bank, if the Notes are transferred from a non-Austrian bank and the account holder notifies the competent Austrian tax authority within one month; exempt is further the gratuitous transfer of the Notes to a securities account held by another taxpayer, if the gratuitous transfer is evidenced to the custodian agent or the

agent is instructed to notify the Austrian tax authority of the relevant data or, in case the Notes are gratuitously transferred from a non-Austrian bank, the taxpayer notifies the competent Austrian tax authority within one month.

If an Austrian custodian (*inländische depotführende Stelle*, also referred to as ‘securities account keeping agent’) or an Austrian paying agent (*auszahlende Stelle*) is involved in paying investment income (interest or capital gains), 25% withholding taxation is imposed. The 25% withholding tax generally results in a final income taxation; certain exceptions apply (in particular for investors whose regular personal income tax rate is lower than 25%). If no withholding tax is imposed (e.g., because the Instruments are held through a foreign paying agent), the investment income arising from the Instruments generally has to be included into the income tax return in accordance with the law.

Losses from Instruments held as private assets may only offset investment income (excluding, *inter alia*, interest income from bank deposits and other claims against banks) and must not offset any other income. Mandatory loss-offsetting rules to be handled by Austrian custodians apply. A carry-forward of losses is not possible in this context.

#### *Instruments held as business assets by tax residents who are individuals*

Generally, the same rules as described in the previous heading apply regarding Instruments that are held as business assets by tax residents who are individuals. The most important differences are the following:

- Realized capital gains, contrary to interest income, have to be included in the tax return, since despite a 25% withholding taxation that is also imposed in the context of Instruments held as business assets if an Austrian custodian is involved, no final income taxation applies.
- Writedowns and realized losses regarding the Instruments held as business assets are offset with positive income from realized capital gains that are investment income in the first place; 50% of the remaining losses may be offset or carried forward against any other income.
- The acquisition costs of Instruments held as business assets may also include ancillary costs incurred upon the acquisition.
- No loss-offsetting may be made by an Austrian custodian.

In the context of zero coupon notes (*Nullkuponanleihen*) capital gains that represent interest payments are treated like capital gains due to an explicit provision of the law. Such treatment is of particular relevance in the context of Instruments held as business assets, since it means that such income is not subject to final taxation.

It is noted that expenses and costs (*Aufwendungen und Ausgaben*) directly connected with investment income are also not tax effective in case the Instruments held as business assets.

#### *Instruments held as business assets by tax residents who are corporations*

Corporate investors deriving business income from the Instruments may avoid the application of withholding tax by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian withholding tax agent. Income derived from the Instruments by corporate investors (including any capital gains) is subject to corporate income tax at the general corporate income tax rate of 25%.

A special tax regime applies for private foundations (*Privatstiftungen*).

As the Issuer does not have any branch or permanent establishment in Austria, the issuer will not have any liability to withhold and remit Austrian withholding tax on payments in connection with the Instruments as outlined above.

### *Taxpayers Not Resident in Austria*

Individuals who have neither a domicile nor their habitual abode in Austria or corporate investors who have neither their corporate seat nor their place of management in Austria (“non-residents”) are not taxable in Austria provided the income is not attributable to a permanent establishment in Austria and the income from the Instruments is not secured by Austrian assets.

Non-resident investors who are resident individuals of an EU Member States and who hold the Instruments through an Austrian paying agent have to consider the EU Council Directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interest payments (the “**EU Savings Tax Directive**”) regarding particular withholding tax rules. Under this EU Directive each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of this state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria may opt instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 35% since 1 July 2011. The EU withholding taxation does not have to be imposed by an Austrian paying agent if a particular information process is fulfilled.

Non-resident investors from outside the EU how receive income from the Instruments through an Austrian withholding tax agent (i.e. an Austrian paying agent or an Austrian custodian) may avoid Austrian withholding taxation by way of evidencing their non-resident-status vis-à-vis the withholding tax agent. If Austrian withholding tax is imposed, the investor may apply for a refund thereof.

If non-residents receive income from the Instruments through an Austrian permanent establishment, they are to a large extent subject to the same tax treatment as resident investors.

### *General: Risk of re-qualification of Instruments as investment fund units*

Certain Instruments might be re-qualified by the tax authorities as foreign investment fund units under certain conditions: a portfolio of assets that is subject to a foreign jurisdiction and invested according to the principle of risk-diversification may qualify as a foreign investment fund for Austrian tax law purposes, without regard to its legal form (principle of an economic approach or substance over form).

Despite this general principle regulations of the fiscal authorities state that a requalification of debt instruments with a link to underlying assets into fund units requires (i) that an investment is effected in line with the principle of risk diversification and (ii) that the Issuer (or a trustee mandated by the Issuer) factually and predominantly acquires the (underlying) assets or that the investment qualifies as an actively managed portfolio. This should, inter alia, exclude capital guaranteed notes and notes with less than six underlying assets from requalification. Further, according to the authorities “directly held index linked certificates are not foreign investment fund units, irrespective of whether the underlying index is a recognized or individually composed, fixed or flexible index”. Asset backed securities should be viewed in the same manner and, therefore, not qualify as foreign investment fund units.

If the Instruments qualified as investment funds units, income derived therefrom would be taxed at the level of the investors and include distributions as well as retained earnings deemed to be distributed to the investors (*ausschüttungsgleiche Erträge*). Such retained earnings would be deemed to be distributed to the investors for tax law purposes proportionately. If no Austrian tax representative were appointed for the Instruments (or no reporting made) and the retained earnings deemed to be distributed to the investors were also not reported to the Austrian custodian by the investors themselves, the Instruments would qualify as a “non-reporting fund” and a rather harsh lump-sum taxation follow this treatment.

### *Gift tax notification requirements*

The Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) was abolished in 2008. However, certain gift notification requirements might apply.

## **Belgian Taxation**

*The following summary describes the principal Belgian tax considerations with respect to the holding of Instruments. This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Instruments. 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.*

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

### ***Withholding Tax and Income Tax***

#### **(i) Tax rules applicable to natural persons resident in Belgium**

Belgian natural persons who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (“*Personenbelasting*”/“*Impôt des personnes physiques*”) and who hold the Instruments as a private investment, are in Belgium subject to the following tax treatment with respect to the Instruments. Other tax rules apply to Belgian resident individuals who do not hold the Instruments as a private investment.

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

Payments of interest on the Instruments made through a paying agent in Belgium will in principle be subject to a 25% 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 Instruments in their personal income tax return, provided withholding tax was levied on these interest payments. They may nevertheless elect to declare interest in respect of the Instruments in their personal income tax return.

If the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return.

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 more beneficial). If the interest payment is declared, any withholding tax retained may be credited.

Capital gains realised on the sale of the Instruments are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

**(ii) Belgian resident companies**

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

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

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

**(iii) Belgian legal entities**

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

Payments of interest (as defined above in the Section "Tax rules applicable to natural persons resident in Belgium") on the Instruments made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

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

**(iv) Organization for Financing Pensions**

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

Interest derived by OFP holders on the Instruments and capital gains realised on the Instruments will be exempt from Belgian Corporate Income Tax. Capital losses are in principle not tax deductible.

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

**(v) Belgian non-residents**

The interest income on the Instruments paid through a professional intermediary in Belgium will, in principle, be subject to a 25 per cent. withholding tax, unless the holder of the Instruments is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors can also obtain an exemption of Belgian withholding tax on interest from the Instruments if they are the owners or *usufructors* of the Instruments and they deliver an affidavit confirming that they have not allocated the Instruments to business activities in Belgium and that they are non-residents, provided that (i) the interest is paid through a Belgian credit institution, stock market company or clearing or settlement institution and that (ii) the Instruments are not used by the Issuer for carrying on a business in Belgium.

The non-residents who use the Instruments to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies (see above).

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

The EU has adopted a directive (European Council Directive 2003/48/EC) regarding the taxation of savings income (hereinafter “**Savings Directive**”). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons resident in another Member State (hereinafter “**Disclosure of Information Method**”), except that Austria and Luxembourg may instead impose a withholding system (hereinafter “**Source Tax**”) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. A number of third countries and territories have adopted similar measures to the Savings Directive.

#### **(i) Individuals not resident in Belgium**

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

#### **(ii) Individuals resident in Belgium**

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

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

### ***Tax on stock exchange transactions and tax on repurchase transactions***

A *taxe sur les opérations de bourse* (tax on stock exchange transactions) will be levied on the purchase and sale of the Instruments through a professional intermediary in Belgium. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of Euro 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.

A *taxe sur les reports* (tax on repurchase transactions) 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 Euro 650 per transaction and per party).

However none of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian 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 des droits et taxes divers* (Code of various duties and taxes) for the *taxe sur les opérations de bourse* and Article 139, second paragraph, of the same code for the *taxe sur les reports*.

### ***Gift, estate or inheritance tax***

Except for the gift tax payable in the case of a gift by deed made in Belgium, no gift, estate or inheritance tax is due in Belgium in respect of Instruments, unless a holder of the Instruments is resident in Belgium at the time of his death.

## **German Taxation**

*The following general summary does not consider all aspects of income taxation in the Federal Republic of Germany (“Germany”) that may be relevant to a holder of the Instruments in the light of the holder’s particular circumstances and income tax situation. This summary applies to holders of the Instruments, who are solely tax resident in Germany, and it is not intended to be, nor should it be construed to be, legal or tax advice. It is based on German tax laws and regulations, all as currently in effect and all subject to change at any time, possibly with retroactive effect.*

*In the context of the implementation of the directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers into German law until 22 July 2013 also the German investment tax rules (Investmentsteuergesetz) is likely to be amended. Such future amendments might result in a taxation of subscribing, purchasing, holding and disposing of the Instruments in Germany, which might significantly deviate from the one summarised below.*

*Prospective holders are urged to consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and disposing of the Instruments, including the application and effect of state, local, foreign and other tax laws and the possible effects of changes in the tax laws of Germany.*

## **Income Taxation**

### ***Interest income***

If the Instruments are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Instruments are generally taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge (*Solidaritätszuschlag*) thereon and, if applicable to the individual investor, church tax (*Kirchensteuer*)).

The flat tax is generally collected by way of withholding (see subsequent paragraph – *Withholding tax*) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Instruments. If, however, no or not sufficient tax was withheld (e.g., in case there is no Domestic Disbursing Agent, as defined below), the investor will have to include the income received with respect to the Instruments in its annual income tax return. The flat tax will then be collected by way of tax assessment. The investor may also opt for inclusion of investment income in its income tax return if the aggregated amount of tax withheld on investment income during the year exceeded the investor's aggregated flat tax liability on investment income (e.g., because of available losses carried forward or foreign tax credits). If the investor's individual income tax

rate which is applicable on all taxable income including the investment income is lower than 25 per cent., the investor may opt to be taxed at individual progressive tax rates with respect to its investment income.

Individual investors are entitled to a saver's lump sum tax allowance (*Sparer-Pauschbetrag*) for investment income of 801 Euro per year (1,602 Euro for jointly assessed husband and wife). The saver's lump sum tax allowance is also considered for purposes of withholding tax (see subsequent paragraph – *Withholding tax*) if the investor has filed a withholding tax exemption request (*Freistellungsauftrag*) with the respective Domestic Disbursing Agent (as defined below). The deduction of related expenses for tax purposes is not permitted.

If the Instruments are held as business assets (*Betriebsvermögen*) by an individual or corporate investor which is tax resident in Germany (i.e., a corporation with its statutory seat or place of management in Germany), interest income from the Instruments is subject to personal income tax at individual progressive tax rates or corporate income tax (each plus 5.5 per cent. solidarity surcharge thereon and church tax, if applicable) and, in general, trade tax. The effective trade tax rate depends on the applicable trade tax factor (*Gewerbesteuer-Hebesatz*) of the relevant municipality where the business is located. In case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The interest income will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

If Luxembourg tax was withheld by the Issuer on interest paid to German investors according to the Luxembourg laws of 21 June 2005 implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income, the German investor will generally be entitled to a credit or a refund of the tax withheld against its German income tax liability.

#### ***Withholding tax on interest***

If the Instruments are kept or administered in a domestic securities deposit account with a German credit or financial services institution (*Kredit- oder Finanzdienstleistungsinstitut*) (or with a German branch of a foreign credit or financial services institution), or with a German securities trading business (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (altogether a “**Domestic Disbursing Agent**”) which pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent., is levied on the interest payments. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

#### ***Capital gains from sale or redemption***

Subject to the saver's lump sum tax-allowance for investment income described under the paragraph *Interest income* above, capital gains from the sale or redemption of the Instruments held as private assets are taxed at the 25 per cent. flat tax (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax). The capital gain is determined as the difference between the proceeds from the sale or redemption of the Instruments and the acquisition costs. Expenses directly and factually related (*unmittelbarer sachlicher Zusammenhang*) to the sale or redemption are taken into account. Otherwise, the deduction of related expenses for tax purposes is not permitted.

Where the Instruments are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted in Euro at the time of sale, and only the difference will then be computed in Euro.

Capital losses from the sales or redemption of the Instruments held as private assets should generally be tax-recognised irrespective of the holding period of the Instruments. However, in case where no (or only *de minimis*) payments are made to the investors on the maturity or redemption date of the Instruments (e.g., due to the limited recourse), any capital losses might not be recognised by the German tax authorities. Any tax-recognised capital losses may not be used to offset other income like employment or business income but may only be offset against investment income. Capital losses not utilised in one annual assessment period may be carried forward into subsequent assessment periods but may not be carried back into preceding assessment periods.

The flat tax is generally collected by way of withholding (see subsequent paragraph – *Withholding tax*) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Instruments. With respect to the return filing, investors shall refer to the description under paragraph *Interest income* above.

If the Instruments are held as business assets (*Betriebsvermögen*) by an individual or corporate investor which is tax resident in Germany, capital gains from the Instruments are subject to personal income tax at individual progressive tax rates or corporate income tax (plus 5.5 per cent. solidarity surcharge thereon and church tax, if applicable) and, in general, trade tax. The effective trade tax rate depends on the applicable trade tax factor of the relevant municipality where the business is located. In case of an individual investor the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The capital gains will have to be included in the investor's personal or corporate income tax return. Capital losses from the sale or redemption of the Securities should generally be tax-recognised and may generally be offset against other income. It cannot be ruled out that certain Instruments may be classified as derivative transaction (*Termingeschäft*) for tax purposes. In this case, any losses from the Instruments would be subject to a special ring-fencing provision and could only be offset against gains from other derivative transactions. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

#### ***Withholding tax on capital gains***

If the Instruments are kept or administered by a Domestic Disbursing Agent from the time of their acquisition, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, is generally levied on the capital gains, resulting in a total withholding tax charge of 26.375 per cent. If the Instruments were sold or redeemed after being transferred to a securities deposit account with another Domestic Disbursing Agent, the 25 per cent. withholding tax (plus solidarity surcharge thereon) would be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous depository bank was able and allowed to provide evidence for the investor's actual acquisition costs to the current Domestic Disbursing Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax applies to the individual investor.

No withholding is generally required on capital gains from the disposal or redemption of the Instruments which is derived by German resident corporate investors and upon application by individual investors holding the Instruments as business assets, subject to certain requirements.

#### ***Inheritance and gift tax***

The transfer of Instruments to another person by way of gift or inheritance may be subject to German gift or inheritance tax, respectively, if *inter alia*

- (i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association of persons (*Personenvereinigung*) or asset pool (*Vermögensmasse*), has its seat or place of management in Germany at the time of the transfer of property,
- (ii) except as provided under (i), the testator's or donor's Instruments belong to business assets attributable to a permanent establishment or a permanent representative in Germany.

Prospective investors are urged to consult with their tax advisor to determine the particular inheritance or gift tax consequences in light of their particular circumstances.

### **Other taxes**

The purchase, sale or other disposal of Instruments does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sales of Instruments to other entrepreneurs which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

### **Italian Taxation**

*The following is a summary of current Italian law and practice relating to the taxation of the Instruments. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid.*

*The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Instruments and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

*With regard to certain innovative or structured financial instruments there is currently neither case law nor comments of the Italian tax authorities as to the tax treatment of such financial instruments. Accordingly, it cannot be excluded that the Italian tax authorities and courts or Italian intermediaries may adopt a view different from that outlined below.*

*Prospective purchasers are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Instruments.*

### **Tax Treatment of the Instruments**

#### **(i) Instruments qualified as bonds or debentures similar to bonds**

Decree No. 239 provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price “**Interest**”) from Instruments falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers. For this purpose, securities similar to bonds are debt instruments implying a “use of capital” issued in mass that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and that do not allow a direct or indirect participation in the management of the issuer.

In addition, according to the guidelines provided by the Italian tax authorities in Circular letter of 3 May 2011, no. 53/E, the same regime applies on securities issued by foreign securitisation vehicles in relation to securitisation transactions that – though governed by a foreign law – are fully compliant with Italian law provisions governing securitisation transactions laid down in law of 30 April 1999, No. 130.

### ***Italian resident Instrumentholders***

Where the Italian resident Instrumentholder who is the beneficial owner of the Instruments is (i) an individual not engaged in an entrepreneurial activity to which the Instruments are connected (unless he has opted for the application of the *risparmio gestito regime*, see paragraph 2. “Capital gain” below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, Interest payments relating to the Instruments are subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 20 per cent. (either when the interest is paid by the Issuer, or when payment thereof is obtained by the Instrumentholder on a sale of the relevant Instruments). The *imposta sostitutiva* may not be recovered as a deduction from the income tax due.

In case the Instruments are held by an individual or a non commercial private or public institution engaged in a business activity and are effectively connected with same business activity, the Interest will be subject to the *imposta sostitutiva* and will be included in the relevant income tax return. As a consequence, the interest will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Where an Italian resident Instrumentholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Instruments are effectively connected and the Instruments are deposited with an authorised intermediary, Interest from the Instruments will not be subject to *imposta sostitutiva*, but must be included in the relevant Instrumentholder’s income tax return and are therefore subject to general Italian corporate tax (*imposta sul reddito delle società*, “**IRES**”), (and, in certain circumstances, depending on the “status” of the Instrumentholder, also to the regional tax on productive activities (*imposta regionale sulle attività produttive*, “**IRAP**”).

Where the Instrumentholder is an Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 (the “**Real Estate Investment Funds**”), Interest is subject neither to substitute tax nor to any other income tax in the hands of the Fund. A withholding tax may apply in certain circumstances at the rate of up to 20 per cent on distributions made by Italian Real Estate Funds and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in the Italian Real Estate Fund owning more than 5 per cent of the fund’s units.

Where the Instrumentholder is an Italian investment funds (which includes Fondi Comuni d’Investimento, or SICAV), as well as Luxembourg investment funds regulated by article 11-bis of Law Decree No. 512 of 30 September 1983 (collectively, the “**Funds**”), Interest is subject neither to substitute tax nor to any other income tax in the hands of the Fund. A withholding tax may apply in certain circumstances at the rate of up to 20 per cent. on distributions made by the Fund or SICAV.

Where the Instrumentholder is a pension fund (subject to the tax regime set forth by Article 17 of Legislative Decree No. 252 of 05/12/2005, the “**Pension Funds**”) Interest is not subject to substitute tax, but must be included in the Pension Fund’s annual net accrued result that is subject to an 11 per cent. substitutive tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**). An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (ii) intervene, in any way, in the collection of interest or in the transfer of the Instruments. For the purpose of the application of the *imposta sostitutiva*, a transfer of Instruments includes any assignment or other act, either with or without consideration, which results

in a change of the ownership of the relevant Instruments or in a change of the Intermediary with which the Instruments are deposited.

#### ***Non-Italian resident Instrumentholders***

Where the Instruments are not deposited with an Intermediary, the imposta sostitutiva is applied and withheld by any entity paying interest to a Instrumentholder.

Interest payments relating to Instruments received by non-Italian resident beneficial owners are generally, provided that certain conditions and formalities are met, not subject to tax in Italy.

Capital gains realized on any sale or transfer of the Instruments for consideration or on redemption thereof by Italian resident or non Italian resident investors is subject to the tax regime described under paragraph 2. below.

#### **(ii) Instruments qualified as Atypical securities**

Instruments that (i) are not deemed to be bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares (*azioni*), or securities similar to shares (*titoli similari alle azioni*) pursuant to Presidential Decree 22 December 1986 n. 917 (“**TUIR**”) and (ii) generate income from the investment of capital (*reddito di capitale*) pursuant article 44 of TUIR would be considered as "atypical" securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 converted by Law No. 649 of 25 November 1983. In this event, payments relating to Instruments may be subject to withholding tax, levied at the rate of 20 per cent., if made to the following Italian resident Instrumentholders: (i) individuals, (ii) non-commercial partnerships; (iii) Real Estate Investment Funds, (iv) Funds, (v) Pension Fund and (vi) entities exempt from Italian corporate income tax. Payments made to Italian resident Instrumentholders which are companies or similar commercial entities (including a permanent establishment in Italy of a foreign entity to which the Instruments are effectively connected) are not subject to the 20 per cent. withholding tax, but will form part of their aggregate income subject to IRES according to ordinary rules. In certain cases, such amounts may also be included in the taxable base for IRAP purposes.

Payments relating to Instruments received by non-Italian resident beneficial owners are generally, provided that certain conditions and formalities are met, not subject to tax in Italy.

This withholding is levied by any entities, resident in Italy, which intervene, in any way, in the collection of payment of the Instruments or in the transfer of the Instruments.

Capital gains realized on any sale or transfer of the Instruments for consideration or on redemption thereof by Italian resident or non Italian resident investors is subject to the tax regime described under paragraph 2. below.

#### **(iii) Instruments representing financial instruments non entailing a static “use of capital”**

Based on the principles stated by the Italian tax authorities in resolution No. 72/E of 12 July 2010, income deriving from Instruments representing a securitized derivative financial instrument or a bundle of derivative financial instruments not entailing a static “use of capital” (*impiego di capitale*), but rather an indirect investment in underlying financial instruments for the purpose of obtaining a profit deriving from the negotiation of such financial instruments as well as capital gains realised through the sale of the same Instruments should be subject to Italian taxation according to the principles provided under paragraph 2. “Capital gain” below.

## Capital gains

Where the Italian resident holder of Instruments who is the beneficial owner of the Instruments is (i) an individual not engaged in an entrepreneurial activity to which the Instruments are connected, (ii) a non-commercial partnership, pursuant to article 5 TUIR (with the exception of general partnership, limited partnership and similar entities) (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, and the Instruments generate capital gains pursuant to article 67 TUIR, capital gains accrued on the sale of the Instruments are subject to a 20 per cent. substitute tax (*imposta sostitutiva*). The recipient who is an Italian resident individual not engaged in an entrepreneurial activity to which the Instruments are connected may opt for three different taxation criteria provided for by article 67 TUIR and Legislative Decree No. 461 of 21 November 1997 (“**Decree No. 461**”), as subsequently amended:

- under the tax declaration regime (*regime della dichiarazione*), which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Instruments are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual holding the Instruments not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Instruments carried out during any given tax year. Italian resident individuals holding the Instruments not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years;
- as an alternative to the tax declaration regime, Italian resident individuals holding the Instruments not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Instruments (the "*risparmio amministrato*" regime provided for by Article 6 of the Decree No. 461). Such separate taxation of capital gains is allowed subject to (i) the Instruments being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant holder of the Instruments. The depository is responsible for accounting the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Instruments (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the holder of Instruments or using funds provided by the holder of Instruments for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Instruments results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same relationship of deposit, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the holder of Instruments is not required to declare the capital gains in the annual tax return;
- any capital gains realised or accrued by Italian resident individuals holding the Instruments not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Instruments, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime (provided for by Article 7 of the Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding

tax years. Under the *risparmio gestito* regime, the holder of Instruments is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident holder of the Instruments who is the beneficial owner of the Instruments is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Instruments are effectively connected, capital gains arising from the Instruments will not be subject to *imposta sostitutiva*, but must be included in the relevant holder of Instruments' income tax return and are therefore subject to IRES and, in certain circumstances, depending on the "status" of the Instrumentholder, also as a part of the net value of production for IRAP purposes.

Any capital gains realised on the transfer of or redemption of the Instruments by beneficial owners which are Italian Real Estate Funds are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund. Italian Real Estate Funds are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund, whereas a withholding tax at a rate of up to 20 per cent will be applied under certain circumstances on income realised by the participants to the fund on distributions or redemption of the fund's units (where the item of income realised by the participants may include the capital gains on the Instruments).

Any capital gains realised through the transfer for consideration or redemption of the Instruments by beneficial owners which are Funds or SICAV will not be subject to any withholding or substitute tax applied at source. A withholding tax may apply in certain circumstances at the rate of up to 20 per cent on distributions or redemptions made by the Fund or SICAV to certain categories of investors.

Any capital gains realised through the transfer for consideration or redemption of the Instruments by beneficial owners which are Pension Funds subject to the regime provided for by Article 17 of Decree 252/2005 are included in the calculation of the management result of the fund, accrued in each year, subject to substitute tax at the rate of 11 per cent.

Any capital gains realised on the transfer for consideration or redemption of the Instruments by non-Italian resident beneficial owners without a permanent establishment in Italy to which the Instruments are effectively connected:

- are not subject to taxation in Italy pursuant to Article 23 TUIR, in case the Instruments are traded in a regulated market. Non-Italian resident beneficial owners may be required to timely produce an appropriate self-declaration stating that they are not resident in Italy for tax purposes, in order to benefit from the exemption from taxation in Italy of capital gains realised on the transfer or the redemption of the Instruments;
- are in principle subject to a 20 per cent substitute tax on capital gains pursuant to Article 5 of Decree No. 461 in case the Instruments are held in Italy and are not traded in a regulated markets. However, in such case, pursuant to Article 5, paragraph 5 of Decree No. 461, capital gains are exempt from the 20 per cent substitute tax if realised by (a) non-Italian resident persons, which are resident for tax purposes in a State or territory with which Italy has an adequate exchange of information (b) international bodies and organisations established in accordance with international agreements ratified in Italy; (c) foreign institutional investors, even if they are not taxable persons, set up in a State or territory with which Italy has an adequate exchange of information; and (d) Central Banks and entities also managing official State reserves. In relation to non-Italian resident investors holding the Instruments with an Italian authorized financial intermediary, the exclusion of Italian taxation may be subject to certain procedural formalities.

In case the above exemption does not apply, the provisions of Decree No. 461 do not preclude the application of more favourable provisions laid down in any applicable double tax treaty entered into by Italy.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006 (“**Decree No. 262**”), converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the total value of the inheritance or the gift exceeding € 1,000,000 per beneficiary;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the total value of the inheritance or the gift exceeding € 100,000 per beneficiary; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised pursuant to Law No. 104 of 5 February 1992, the tax is applied only on the value of the assets (including the Instruments) received in excess of € 1,500,000.00 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

Moreover, an anti-avoidance rule is provided for in case of gift of assets, such as the Instruments, whose sale for consideration would give rise to capital gains to be subject to the *imposta sostitutiva* provided for by Decree No. 461, as subsequently amended. In particular, if the donee sells the Instruments for consideration within five years from their receipt as a gift, the donee is required to pay the relevant *imposta sostitutiva* as if the gift had never taken place.

### **Transfer Tax**

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of € 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **Wealth Tax**

According to Article 19 of Decree of 6 December 2011, No. 201 (“**Decree No. 201**”), converted with Law of 22 December 2011, No. 214, Italian resident individuals holding certain financial assets – including the Instruments – outside of the Italian territory are required to pay a wealth tax at the rate of 0.15 per cent. The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value of such financial assets held outside of the Italian territory.

### **Stamp taxes and duties**

According to Article 19 of Decree No. 201, a proportional stamp duty applies on a yearly basis at the rate of 0.15 per cent. on the market value or – in the lack of a market value – on the nominal value or the redemption amount of any financial product or financial instruments. The stamp duty cannot be lower than € 34.20 and, for investors other than individuals, cannot exceed the amount of € 4,500.00. Based on the wording of the law

and the implementing decree issued by the Italian Ministry of Finance on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### **Tax Monitoring**

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals resident in Italy who, at the end of the fiscal year, hold investments abroad or foreign financial activities must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). Such obligation is not provided if, inter alia, each of the overall value of the foreign investments or financial activities held at the end of the fiscal year, and the overall value of the related transfers carried out during the relevant fiscal year, does not exceed € 10,000.

### **Italian Financial Transaction Tax**

According to Article 1 of Law 24 December 2012, No. 228 and the related implementing regulations, an Italian Financial Transaction tax (“FTT”) applies on the transfer of property rights in shares and other equity instruments issued by Italian resident companies as well as on securities representative of the same shares or other equity instruments issued by Italian resident companies regardless of the tax residence of the issuer of the certificates. FTT applies regardless of the tax residence of the parties and/or where the transaction is entered into. FTT applies on the transfer of shares and equity instruments at a rate of 0.22% in year 2013 and at the rate of 0.20% in subsequent years, reduced to 0.12% and 0.10%, respectively, if the transaction is executed on a regulated market or a multilateral trading system as defined under Directive 2004/39/CE of States of the European Union or of States of the European Economic Area allowing an adequate exchange of information with the Italian tax authorities. The taxable base is the transaction value, which is defined as the consideration paid for the transfer or as the net balance of the transactions executed by the same subject in the course of the same day.

Specific exemptions are provided for the transfer of shares and equity instruments under certain transactions (such as repo or securities lending transactions), for the shares and equity instruments traded on regulated markets or multilateral trading systems issued by companies with an average market capitalization below certain thresholds or for transactions executed by certain parties (such as, for example, mandatory providential entities).

FTT also applies on the execution of transactions on derivative financial instruments as defined under Art. 1, paragraph 3, legislative decree 24 February 1998, n. 58, on securities allowing the purchase or sale of financial instruments referred to under Art. 1, paragraph 1-bis, lett. c) legislative decree 24 February 1998, n. 58 or on securities providing for a cash settlement referred to under Art. 1, paragraph 1-bis, lett. d), legislative decree 24 February 1998, no. 58, if the underlying financial instruments or the underlying reference value is represented for more than 50 per cent by the market value of shares or equity instruments issued by Italian resident companies or certificates representative of the same shares or equity instruments. According to the provisions stated by Art. 56 of Law Decree No. 69 of 21st June 2013 (to be converted into law within sixty days from the publication on the Official Gazette) FTT applies on such derivative financial instruments and securities as from 1st September 2013 at a fixed amount for each transaction, ranging from 0.01875 to 200 euro, depending on the notional value of the instrument and the type of underlying financial instrument. Such amount is reduced to 1/5 in case of transactions executed on regulated markets or on multilateral systems as defined under Directive 2004/39/CE of States of the European Union or of States of the European Economic Area allowing an adequate exchange of information with the Italian tax authorities.

## **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (EU Savings Directive), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding System in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

## **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree No. 84**”). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## **Luxembourg Taxation**

*The following overview is of a general nature. It 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. Prospective investors in the Instruments 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.*

### **Taxation of the Issuer**

A fixed registration duty (*droit fixe spécifique d'enregistrement*) of EUR75 is payable at the moment of the amendment of the articles of association of the Company. The transfer or sale of securities of the Issuer or the Company (as appropriate) will not be subject to Luxembourg registration or stamp duty.

The Company will be considered a fiscal resident of Luxembourg both for purposes of Luxembourg domestic tax law and for purposes of the tax treaties entered into by Luxembourg and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Company will be liable for Luxembourg corporation taxes. The standard applicable rate in Luxembourg city, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and solidarity taxes, is 29.22 per cent.. Liability for such corporation taxes extends to the Company's worldwide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Company is computed by application of all rules of the

Luxembourg income tax law of 4 December 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities. Under certain conditions, dividends received by the Company from qualifying participations and capital gains realised by the Company on the sale of qualifying participations may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption. The Company may further deduct from its taxable profits interest payments made to Instrumentholders. For tax purposes, payments made by the Issuer or the Company (as appropriate) to Instrumentholders are treated as interest.

The Company will be exempt from wealth tax (*impôt sur la fortune*).

## **Taxation of the holders of Instruments**

### ***Withholding tax***

#### **(i) Non-resident holders of Instruments**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended, (the “**Laws**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Instruments, nor on accrued but unpaid interest in respect of the Instruments, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Instruments held by non-resident holders of Instruments.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the “**Territories**”), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 35 per cent.. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Instruments are currently subject to withholding tax of 35 per cent.. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015.

#### **(ii) Resident holders of Instruments**

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

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be reportable and taxable at the progressive rate unless the interest has been subject to a withholding tax of 10 per cent.

Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Instruments coming within the scope of the Law would be subject to withholding tax of 10 per cent.

### ***Income Taxation***

A holder of Instruments who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Instruments are attributable, is subject to Luxembourg income tax in respect of the interest paid or accrued on, or any other income derived from, the Instruments. An individual holder of Instruments, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest or any other income received, except if withholding tax has been levied on such payments in accordance with the Law.

Under Luxembourg domestic tax law, gains realised by an individual holder of Instruments, who acts in the framework of the management of his private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Instruments are not subject to Luxembourg income tax, provided this sale or disposal took place six months after the acquisition of the Instruments. An individual holder of Instruments, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid interest in respect of the Instruments in his taxable income, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual holder of the Instruments has opted for the application of a 10 per cent. tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Council Directive 2003/48/EC of 3 June 2003.

Gains realised by a corporate holder of Instruments or by an individual holder of Instruments, who acts in the framework of the management of a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Instruments are attributable, on the sale or disposal, in any form whatsoever, of Instruments are subject to Luxembourg income tax.

Gains realised by a non-resident holder of Instruments, who does not have a permanent establishment or fixed place of business in Luxembourg, to which the Instruments are attributable, on the sale or disposal of Instruments are not subject to Luxembourg income tax.

A Luxembourg holder of Instruments that is governed by the law of 11 May 2007 on family estate companies, as amended by the laws of 13 February 2007 and 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, will not be subject to any Luxembourg income tax in respect of interest received or accrued on the Instruments, or on gains realised on the sale or disposal, in any form whatsoever, of Instruments.

### ***Wealth tax***

A corporate holder of Instruments, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Instruments are attributable, is subject to Luxembourg wealth tax on such Instruments, except if the holder of Instruments is governed by the law of 11 May 2007 on family estate companies, as amended, by the laws of 13 February 2007 and 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, or is a securitisation company governed by the law of 22

March 2004 on securitisation, or a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

An individual holder of Instruments, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on Instruments.

## **Other Taxes**

Under present Luxembourg tax law, in the case where a holder of Instruments is a resident for tax purposes of Luxembourg at the time of his death, the Instruments are included in his taxable estate, for inheritance tax purposes and gift tax may be due on a gift or donation of Instruments, if the gift is recorded in a Luxembourg deed.

## **Polish Taxation**

*The following summary outlines certain principal Polish tax law consequences resulting from investing in the Instruments. It does not purport to be a comprehensive description of all potentially relevant Polish tax considerations. This summary is not tax advice; it is intended as general information only, and each prospective investor should consult a professional tax advisor with respect to the tax consequences of an investment in the Instruments. This summary has been prepared on the basis of the tax legislation, published case law, treaties, regulations, and published official interpretations of Polish tax law in force as at the date of this Base Prospectus, and does not take into account any developments or amendments thereto after that date, whether or not such developments or amendments operate retroactively.*

### **Taxation of Polish tax resident individuals**

#### ***Taxation of income gained outside the scope of business activity***

##### *Interest income*

The interest income received by a Polish tax resident outside the scope of business activity is subject to Polish personal income tax at a flat rate of 19%. If the interest is sourced outside Poland, it must be generally declared in the personal income tax return and relevant tax must be paid by holders of Instruments. Taxpayers are entitled to deduct non-Polish tax but deduction generally cannot exceed the amount of tax calculated on the amount of received interest taking into account 19% rate. However, if interest income is sourced in Luxembourg, there is no limit on the deduction of tax paid in Luxembourg.

##### *Income from sale of Instruments*

The income from the sale of the Instruments by a Polish tax resident outside the scope of business activity is generally subject to Polish personal income tax at a flat rate of 19%. The taxable income is the positive difference between revenue obtained from the sale of the Instruments and the costs of obtaining that revenue as defined in the relevant provisions of the Polish Personal Income Tax Act. The losses may be set off against the income from the sale of other financial instruments. Incomes from sale of financial instruments received by a taxpayer in Poland and abroad are as a rule aggregated and non-Polish tax is deducted from tax calculated on aggregated amount of income. Generally, deduction cannot exceed the part of tax calculated before the deduction and proportionally corresponding to the income earned abroad. However, if income from sale of the Instruments is sourced in Luxembourg, there is no limit on the deduction of tax paid in Luxembourg.

### ***Taxation of income gained within the scope of business activity***

Both, the interest income and the income from the sale of the Instruments received by a Polish tax resident within the scope of his business activity is subject to Polish personal income tax either at a 19% flat rate or at progressive rates up to 32%, depending on the individual tax situation of the holder of instruments. Attributable costs are tax-deductible. The losses may be set off against the income resulting from the business activity.

Foreign-sourced income is accumulated with the income earned within the territory of Poland unless such income is exempted from taxation in Poland on the basis of the provisions of the relevant double tax treaty. Non-Polish tax is deducted from tax calculated on aggregated amount of income. Generally, deduction cannot exceed the part of tax calculated before the deduction and proportionally corresponding to the income earned abroad.

### **Tax treatment of Polish tax resident legal persons**

Both the interest income and the income from the sale of the Instruments obtained by legal entities with their registered office or place of management in Poland is aggregated with other income received by such an entity and is subject to corporate income tax levied at the rate of 19%. Attributable costs are tax deductible. The losses may be set off against other income.

Foreign-sourced income is accumulated with the income earned within the territory of Poland unless such income is exempted from taxation in Poland on the basis of the provisions of the relevant double tax treaty. Non-Polish tax is deducted from tax calculated on aggregated amount of income. However, deduction cannot exceed the part of tax calculated before the deduction and proportionally corresponding to the income earned abroad.

### **Civil law transactions tax**

A civil law transactions tax at the rate of 1 per cent applies to a sale or exchange of property rights, including Instruments as a type of financial instrument, provided that the right attached to the Instruments is exercisable in Poland, or that the right is exercisable outside of Poland but the civil law transaction was concluded in Poland and the purchaser has its registered office or place of residence in Poland. Please note that civil law transactions tax may apply exclusively in the case of sale or exchange of Instruments.

If the transaction is generally subject to civil law transactions tax in the light of the above rules, it still may be exempted. Exempt from civil law transactions tax is, among other things, the sale of property rights that are financial instruments:

- 1) to investment firms and foreign investment firms,
- 2) effected through investment firms and foreign investment firms,
- 3) effected as a part of organised trading,
- 4) effected outside organised trading by investment firms and foreign investment firms if such rights had been acquired by such firms as a part of organised trading,

within the meaning of relevant regulations of the Polish Act on Trading in Financial Instruments.

### **Donation and inheritance tax**

Gift and inheritance tax is charged in the case of a donation or inheritance of property rights exercisable in Poland if, at the time of the donation or the inheritance, either the donor/decedent or donator/heir was a Polish resident or had a permanent place of residence in Poland, and also in the case of property rights exercisable outside the territory of Poland where, at the time of the donation or inheritance, the acquirer was a Polish resident or had a permanent place of residence in Poland. The amount of such tax depends on the relationship

between donor and beneficiary, and on the value of the gift. Polish tax law on donations and inheritance also provides for certain exemptions from donation and inheritance tax, in particular for close family donations/inheritance as provided in the Polish Donation and Inheritance Tax Act.

## **Portuguese Taxation**

*The following overview is of a general nature. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular holder of Instruments, including tax considerations that arise from rules of general application or that are generally assumed to be known to holder of Instruments. It also does not contain in-depth information about all special and exceptional regimes, which may entail tax consequences at variance with those described herewith. Additionally, it does not analyse the tax implications that may indirectly arise from the decision to invest in the Instruments, such as those relating to the tax framework of financing obtained to support such investment or those pertaining to the counterparties of the potential investors, regarding any transaction involving the Instruments. The overview is based on the laws presently in force in Portugal, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Instruments should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Portuguese tax law, to which they may be subject.*

### **Portuguese tax resident individuals or individuals with a permanent establishment in Portugal to which income associated with the Instruments is imputable**

#### ***Income arising from the ownership of Instruments***

Economic benefits derived from interest, amortisation, reimbursement premiums and other instances of remuneration arising from the Instruments (including, upon a transfer of the Instruments, the interest accrued since the last date on which interest was due), are classified as “investment income” for Portuguese tax purposes.

In case investment income arising from the Instruments is paid by a Portuguese paying agent, acting on behalf of, or contractually obliged by, either the non-resident entity (bound to pay the income) or the Portuguese resident individual (i.e. the recipient), Personal Income Tax (*Imposto sobre o Rendimento das Pessoas Singulares* (“IRS”)) at a 28 per cent flat rate will be withheld when such income is due to its recipient. In this case, the Portuguese resident individual, unless deriving such income in the capacity of entrepreneur or self-employed professional, may choose to declare such income in his or her tax return, together with the remaining items of income derived. If such election is made, all income must be declared and subject to IRS at the rate resulting from the application of the relevant progressive tax brackets for the year in question of up to 48 per cent, plus a 3 per cent surtax on income exceeding €6.790 and a solidarity tax of up to 5 per cent on income exceeding €250,000 (2.5 per cent on income below €250,000, but exceeding €80,000). The domestic withholding tax suffered will constitute a payment in advance of such final IRS liability. Foreign withholding tax suffered, if any, will be considered as a tax credit against the final IRS liability. If no such election is made, the domestic 28 per cent withholding tax suffered constitutes the final Portuguese liability and the income does not need to be disclosed in the tax return (and therefore no foreign tax credit is granted). In case interest arising from the Instruments is not paid by a Portuguese paying agent, no Portuguese withholding tax is due. A Portuguese resident individual must declare the relevant income in his or her tax return and either subject it to the final flat 28 per cent rate or aggregate it with the remaining elements of income (in which case all income of the same category should be aggregated) and subject the global amount to IRS at the rate resulting from the application of the relevant progressive tax brackets for the year in question of up to 48 per cent, plus a 3 per cent surtax on income exceeding €6.790 and a solidarity tax of up to 5 per cent on income exceeding €250,000 (2.5 per cent on income below €250,000, but exceeding €80,000). Only in the latter

alternative may any foreign withholding tax suffered be considered as a tax credit against the final IRS liability.

#### ***Capital gains and capital losses arising from the disposal of Instruments for consideration***

The annual positive balance between capital gains and capital losses arising from the disposal of Instruments (and other assets indicated in the law) for consideration, deducted of the costs necessary and effectively incurred in such disposal, is taxed at a special 28 per cent IRS rate. Alternatively, the holder of Instruments may opt for declaring such income in their tax returns, together with the remaining items of income derived. In that event, the capital gains shall be liable for tax at the rate resulting from the application of the relevant progressive tax brackets for the year in question of up to 48 per cent, plus a 3 per cent surtax on income exceeding €6.790 and a solidarity tax of up to 5 per cent on income exceeding € 250,000 (2.5 per cent on income below €250,000, but exceeding €80,000). No Portuguese withholding tax is levied on capital gains.

Losses arising from disposals for consideration in favour of counterparties subject to a clearly more favourable tax regime in the country, territory or region where it is a tax resident, listed in the Ministerial Order no. 150/2004 of 13th February, as amended by Ministerial Order no.292/2011, of 8th November, are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

Where the Portuguese resident individual chooses to disclose the capital gains or losses in his or her tax return, any capital losses which were not offset against capital gains in the relevant tax period may be carried forward for 2 years and offset future capital gains.

#### ***Gratuitous acquisition of Instruments***

The gratuitous acquisition (per death or in life) of the Instruments by Portuguese tax resident individuals is not liable for Stamp Tax (otherwise due at a 10 per cent rate) since the Issuer is not a Portuguese tax-resident entity. Spouses, ancestors and descendants would nonetheless avail of an exemption from Stamp Tax on such acquisitions.

#### **Corporate entities resident for tax purposes in Portugal or with a permanent establishment to which income associated with the Instruments is imputable**

##### ***Income arising from the ownership of Instruments***

Investment income arising from the Instruments is liable for Corporate Income Tax (*Imposto sobre o Rendimento das Pessoas Colectivas* (“IRC”)). IRC is levied on the taxable basis (computed as the taxable profit deducted of eligible tax losses carried forward) at a rate of up to 25 per cent. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent of the taxable profit, may also apply. Moreover, if the taxable basis exceeds 1.500.000 euros a State surtax will be levied, at a rate from 3 to 5 per cent.

Taxpayers globally exempt from IRC include the State and other corporate entities subject to administrative law; corporate entities recognised as having public interest and charities; pension funds; retirement savings funds, education savings funds and retirement and education savings funds; and venture capital funds, provided that, with respect to all the above funds, they are organised and operate in accordance with Portuguese law. If organised and operating in accordance with the domestic law of a European Union or a European Economic Area Member State some of such funds may still be entitled to a similar tax regime in case certain conditions are met.

#### ***Capital gains and capital losses arising from the disposal of Instruments for consideration***

Capital gains and capital losses are taken into consideration for purposes of computing the taxable profit for IRC purposes. IRC is levied on the taxable basis (computed as the taxable profit deducted of eligible tax losses carried forward) at a rate of up to 25 per cent. A municipal surcharge, at variable rates according to the

decision of the municipal bodies, up to 1.5 per cent of the taxable profit, may also apply. Moreover, if the taxable basis exceeds 1.500.000 euros a State surtax will be levied, at a rate from 3 to 5 per cent.

#### ***Gratuitous acquisition of Instruments***

The positive net variation in worth, not reflected in the profit and loss account of the financial year, arising from the gratuitous transfer of Instruments to Portuguese tax resident corporate entities liable for IRC, even if exempt therefrom, or to permanent establishments to which it is imputable, is taken into consideration for purposes of computing the taxable profit for IRC purposes.

IRC is levied on the taxable basis (computed as the taxable profit deducted of eligible tax losses carried forward) at a rate of up to 25 per cent. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent of the taxable profit, may also apply. Moreover, if the taxable basis exceeds 1.500.000 euros a State surtax will be levied, at a rate from 3 to 5 per cent.

### **Spanish Taxation**

*The following general summary does not consider all aspects of income taxation in Spain that may be relevant to a holder of the Instruments in the light of the holder's particular circumstances and income tax situation. This summary applies to holders of the Instruments, who are solely tax resident in Spain, and it is not intended to be, nor should it be construed to be, legal or tax advice. It is based on Spanish tax laws and regulations, all as currently in effect and all subject to change at any time, possibly with retroactive effect.*

*Prospective holders are urged to consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and disposing of the Instruments, including the application and effect of state, local, foreign and other tax laws and the possible effects of changes in the tax laws of Spain.*

#### **Spanish resident individuals**

##### ***Personal Income Tax (“Impuesto sobre la Renta de las Personas Físicas”) (“PIT”)***

In principle, any income obtained by Spanish resident individuals under the Instruments, whether in the form of interest or as per the transfer or redemption of the Instruments, will be regarded as capital-sourced income (i.e. financial income) subject to PIT. This income will form part of the relevant Spanish holder savings taxable base and taxed at a flat rate of 21 per cent. for the first EUR 6,000, 25 per cent. between EUR 6,001 and EUR 24,000 and 27 per cent. for any amount in excess of EUR 24,000.

The withholding tax regime will be as follows:

- (i) Interest paid to holders who are Spanish resident individuals will be subject to Spanish withholding tax at 21% to be deducted by the depositary entity of the Instruments or the entity in charge of collecting the income derived thereunder, provided such entities are resident for tax purposes in Spain or have a permanent establishment in the Spanish territory.
- (ii) Income obtained upon transfer of the Instruments will be subject to Spanish withholding tax at 21% to be deducted by the financial entity acting on behalf of the seller, provided such entity is resident for tax purposes in Spain or has a permanent establishment in the Spanish territory.
- (iii) Income obtained upon redemption of the Instruments will be subject to Spanish withholding tax at 21% to be deducted by the financial entity appointed by the Issuer (if any) for redemption of the Instruments, provided such entity is resident for tax purposes in Spain or has a permanent establishment in the Spanish territory.

### ***Wealth Tax (“Impuesto sobre el Patrimonio”)***

Spanish resident individuals are subject to the Spanish Wealth Tax on all their assets (such as the Instruments) in tax year 2013. According to Wealth Tax regulations as amended by Royal Decree-Law 13/2011 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*)), the net worth of any individuals with tax residency in Spain up to the amount of EUR 700,000 is not subject to Wealth Tax in respect of tax year 2013. Therefore, they should take into account the value of the Instruments which they hold as at 31 December 2013, the applicable marginal rates ranging between 0.2 per cent. and 2.5 per cent.

### ***Inheritance and Gift Tax (“Impuesto sobre Sucesiones y Donaciones”)***

Individuals resident in Spain for tax purposes who acquire instruments by inheritance or gift will be subject to the Spanish Inheritance and Gift Tax (“IGT”) in accordance with the IGT Law (“LIGT”), without prejudice to the specific legislation applicable in each Autonomous Region. The effective tax rate, after applying all relevant factors, ranges from 7.65 per cent. to 81.6 per cent. Some tax benefits could reduce the effective tax rate.

### **Spanish resident corporates**

#### ***Corporate Income Tax (“Impuesto sobre Sociedades”) (“CIT”)***

Any income derived by Spanish companies under the Instruments will be included in their CIT taxable income in accordance with applicable CIT legislation. The general CIT rate is of 30% (although other rates may be applicable to certain investors).

To the extent that the of the Issuer of the Instruments is a non-Spanish resident entity, no withholdings on account of the final CIT liability of Spanish corporate investors will have to be deducted on income derived under the Instruments if, and to the extent that, the Instruments are listed on an organised market of an OECD country.

#### ***Wealth Tax***

Companies are not subject to Wealth Tax.

#### ***Inheritance and Gift Tax***

Spanish companies are not subject to Inheritance and Gift Tax. Conversely, Spanish companies receiving Instruments by inheritance, gift or legacy will be taxed under CIT on the market value of the Instruments.

#### ***Other Taxes***

Whatever the nature and residence of the holder, the acquisition and transfer of Instruments will be exempt from indirect taxes in Spain, i.e., exempt from transfer tax and stamp duty and from value added tax.

### **Swiss Taxation**

The following statements and discussions of certain Swiss tax considerations relevant to the purchase, ownership and disposition of Instruments are of a general nature only and do not address every potential tax consequence of an investment in Instruments under Swiss law. This summary is based on treaties, laws, regulations, rulings and decisions currently in effect, all of which are subject to change. Potential investors will therefore need to consult their own tax advisers to determine the special tax consequences of the receipt, ownership and sale or other disposition of Instruments. In particular, the precise tax treatment of a holder of Instruments needs to be determined for each issue with reference to the full Conditions of the Instruments specified in the applicable Final Terms under the law and practice at the relevant time.

### *Swiss Withholding Tax*

Payments on the Instruments are currently not subject to Swiss federal withholding tax provided that the respective Issuer is at all times resident and managed outside Switzerland for Swiss tax purposes.

On 24 August 2011, the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Note to an individual resident in Switzerland. If this legislation or similar legislation were enacted and a payment in respect of a Note were to be made or collected through Switzerland and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the Issuer, nor any paying agent nor any other person would pursuant to the Terms and Conditions of the Instruments be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

### ***Income Taxation***

#### *Instruments held as Private Assets by a Swiss resident Holder*

##### (a) Structured Instruments

If a Note classifies as a structured note, its income taxation depends on whether the bond and the derivative financial instrument(s) embedded therein are recorded separately from each other and whether the Note classifies as a structured note with or without a predominant one-time interest payment:

**Non-transparent derivative financial instruments:** If the embedded bond is not recorded separately from the embedded derivative financial instrument(s), the Note classifies as non-transparent structured note and any return over the initial investment classifies as a taxable interest payment. Non-transparent derivative financial instruments generally include a predominant one-time interest payment and are taxed in accordance with the principles set forth below under “—Transparent derivative financial instruments with a predominant one-time interest payment”.

**Transparent derivative financial instruments without a predominant one-time interest payment:** If the embedded bond is recorded separately from the embedded derivative financial instrument(s) and the yield-to-maturity predominantly derives from periodic interest payments and not from a one-time-interest-payment (see below “—Transparent derivative financial instruments with a predominant one-time interest payment”), then any periodic interest payment and the one-time interest payment is taxed when paid to the holder of the Note. A gain, including interest accrued, a loss, respectively, realised on the sale of a Note is a tax-free private capital gain, a non-tax-deductible private capital loss, respectively (see below “—Capital Gains, Instruments held as Private Assets by a Swiss resident Holder”). The same applies if the Note is redeemed except that interest accrued is taxed when paid.

**Transparent derivative financial instruments with a predominant one-time interest payment:** If the embedded bond is recorded separately from the embedded derivative financial instrument(s) and the yield-to-maturity predominantly derives from a one-time-interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments, then any periodic interest payments and on the sale or redemption of the Note, the difference between the value of the embedded bond at redemption or sale, as applicable, and its value at issuance or secondary market purchase, as applicable, converted, in each case, into Swiss Francs at the exchange rate prevailing at the time of redemption or sale, issuance or purchase, respectively (modified differential taxation method) constitutes taxable income. A value decrease on the embedded bond respectively realised on the sale or redemption of the Note may be offset against any gains (including periodic interest payments) realised within the same taxation period from all instruments with a predominant one-time interest payment. Any residual return realised on the embedded derivative financial instrument(s) is a tax-free private capital gain, and any residual loss is a non-tax-deductible private capital

loss, respectively (see below “—Capital Gains, Instruments held as Private Assets by a Swiss resident Holder”).

(b) Bonds

*Bonds without a predominant one-time interest payment:* If a Note classifies as a pure bond without a predominant one-time interest payment (the yield-to-maturity predominantly derives from periodic interest payments and not from a one-time-interest-payment), Swiss resident private investors will be taxed on the periodic and any one-time interest payments, converted into Swiss Francs at the exchange rate prevailing at the time of payment. A gain, including interest accrued, a loss, respectively, realised on the sale of a Note is a tax-free private capital gain, a non-tax-deductible private capital loss, respectively (see below “—Capital Gains, Instruments held as Private Assets by a Swiss resident Holder”).

*Bonds with a predominant one-time interest payment:* If a Note classifies as a pure bond with a predominant one-time interest payment (the yield-to-maturity predominantly derives from a one-time-interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments), Swiss resident private investors will be taxed on any periodic interest payments and on any gains, including capital and foreign exchange gains, realised on the Instruments (differential taxation method).

(c) Pure Derivative Financial Instruments

Periodic and one-time dividend equalisation payments realised on a Note which classifies as a pure derivative financial instrument (such as pure call and put options, including low exercise price options with a maturity not exceeding one year, pure futures, static certificates replicating an index or a basket of at least five shares and with a fixed maturity or an annual redemption right) and which is held as part of their private assets constitute taxable investment income. Any other return will be classified as a tax-exempt capital gain or a non-tax deductible capital loss (see below “—Capital Gains, Instruments held as Private Assets by a Swiss resident Holder”).

(d) Low Exercise Price Options

According to the current practice of the Swiss Federal Tax Administration low exercise price options are given if the underlying of an option has been pre-financed by at least 50 per cent. at the time of issuance.

For low exercise price options with a maturity exceeding one year the interest component of the low exercise price option (i.e. issue discount) constitutes taxable investment income. Any other return will be classified as a tax-exempt capital gain or a non-tax deductible capital loss (see below “—Capital Gains, Instruments held as Private Assets by a Swiss resident Holder”).

(e) Fund-like Instruments

A Note classified as a fund-like instrument will be considered a pass-through instrument for Swiss tax purposes if dividend and interest income (less attributable costs) from, and capital gains and losses (less costs attributable) realised on, the underlying investments, are reported and distributed separately. Under such conditions, an individual holding a fund-like Note as part of private assets only receives taxable income (which he or she must report annually) over such portion of the distributions (in case the fund is distributing the income realised on the underlying investments) or earnings credits (in case the fund is reinvesting the income realised on the underlying investment) as derive from dividends and interest (less attributable costs) on the underlying instruments. Any distributions or credits deriving from capital gains realised on the underlying investments constitute a tax-free private capital gain and any respective loss on the underlying investments is a non-tax-deductible private capital loss. Any gain realised within a taxation period on the sale of a fund-like instrument (including accrued dividends and interest) is exempt from income taxation as a

private capital gain, and, conversely, any loss realised a non-tax-deductible capital loss (see below “—Capital Gains, Instruments held as Private Assets by a Swiss resident Holder”).

#### *Instruments held as Assets of a Swiss Business*

Corporate entities and individuals who hold Instruments as part of a trade or business in Switzerland, in the case of residents abroad carried on through a permanent establishment or a fixed place of business in Switzerland, are required to recognise any payments on, and any capital gains or losses realised on the sale or redemption of, such Instruments (irrespective of their classification) in their income statement for the respective taxation period and will be taxed on any net taxable earnings for such period.

The same taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as “professional securities dealers” for reasons of, inter alia, frequent dealing and leveraged investments in securities.

### **Capital Gains Taxation**

#### *Instruments held as Private Assets by a Swiss resident Holder*

A gain, a loss, respectively, realized by an individual resident in Switzerland for tax purposes upon the sale or other disposal of a Note held as part of his or her private assets is a tax-free private capital gain, a non-tax deductible capital loss, respectively, unless such individual is classified, for income tax purposes, as “professional securities dealers” for reasons of, inter alia, frequent dealing and leveraged investments in securities. If an individual is classified as “professional securities dealer” he or she will in accordance with the principles set forth above under “—Instruments held as Assets of a Swiss Business”. Concerning the bifurcation of a tax-exempt capital gains component, non-tax deductible capital loss component, respectively, from taxable income components of a Note see the bifurcation principles set forth above with regard to the different instruments under “—Income Taxation, Instruments held as Private Assets by a Swiss resident Holder”).

#### *Instruments held as Assets of a Swiss Business*

Capital gains realized on Instruments held as Assets of a Swiss Business are taxed in accordance with the taxation principles set forth above under “—Income Taxation, Instruments held as Swiss Business Assets”).

### **Stamp Taxes**

#### *Swiss Federal Issue Stamp Tax*

The Instruments are not subject to Swiss federal stamp tax on the issuance of securities provided that the respective Issuer is at all times resident and managed outside Switzerland for Swiss tax purposes.

#### *Swiss Federal Securities Turnover Tax*

Dealings in Instruments which classify as pure derivative financial instruments (such as pure call and put options, including low exercise price options with a maturity not exceeding twelve months, pure futures with a maximal pre-financing of 25 per cent., static certificates replicating an index or a basket of at least five shares and with a fixed maturity on an annual redemption right) are not subject to the Swiss federal securities turnover tax.

Dealings in Instruments which have been issued by an issuer outside of Switzerland and which classify as structured Instruments, share-like instruments (including Low Exercise Price Warrants on shares with a maturity exceeding twelve months) or fund-like instruments are subject to Swiss federal securities turnover tax of 0.3 per cent. on the consideration paid, however, only if a Swiss securities dealer (as defined in the Swiss federal stamp tax act) is a party or intermediary to the transaction and no exemption applies.

Dealing in bonds and structured Instruments with a maturity not exceeding one year are exempt from Swiss federal turnover tax.

The delivery of an underlying taxable security at exercise or redemption to the holder of the Note is subject to Swiss federal securities turnover tax of 0.3 per cent. in case a security issued by an issuer outside Switzerland is delivered and of 0.15 per cent. in case a security issued by a domestic issuer is delivered, however, in each case, only if a Swiss domestic securities dealer (as defined in the Swiss federal stamp tax act) is a party or intermediary to the transaction and no exemption applies.

### **Gift, Inheritance and Estate Taxes**

Subject to an applicable tax treaty in an international scenario, transfers of Instruments may be subject to cantonal and/or communal inheritance tax, estate tax or gift tax if the deceased person has had his or her last domicile in Switzerland, the donor is resident in Switzerland, respectively, or in the case of a foreign deceased or resident person the transfer involves an unincorporated business in Switzerland and Instruments are held as part of such business. No such taxes exist at the federal level. Rates depend upon the existing relationship (i.e. the relationship between the deceased and the heirs, or between the donor and the donee) and the size of the inheritance or gift. Interspousal gifts and gifts to descendants and inheritances collected by the surviving spouse and descendants are frequently exempt or taxed at very low rates (up to 6 per cent.). Gifts and inheritances received from unrelated persons attract rates ranging from 20 per cent. to 40 per cent. The taxable base is usually the market value of the property transferred.

### **Net Worth and Capital Taxes**

A holder of Instruments who is an individual resident in Switzerland for tax purposes or is a non-Swiss resident holding Instruments as part of a Swiss business operation or a Swiss permanent establishment is required to report Instruments as part of private wealth or as part of Swiss business assets, as the case may be, and is subject to annual cantonal and/or communal private wealth tax on any net taxable wealth (including the Instruments), in the case of non-Swiss resident individual holding Instruments as part of a Swiss business operation or a Swiss permanent establishment to the extent the aggregate taxable wealth is allocable to Switzerland. Incorporated holders of Instruments are subject to cantonal and communal capital tax on net taxable equity, in the case of non-Swiss resident person holding Instruments as part of a Swiss permanent establishment, to the extent the aggregate taxable equity is allocable to Switzerland. No net worth and capital taxes exist at the federal level.

### **Non-Swiss resident Holders**

A holder of a Note who is not resident in Switzerland for tax purposes and who during the taxation year has not engaged in trade or business carried on through a business operation or permanent establishment in Switzerland, will neither be subject to income tax and capital gains tax nor net wealth or capital tax in Switzerland.

### **EU Savings Tax**

The Agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004 provides for measures equivalent to those laid down in the EU Savings Tax Directive and requires a Swiss paying agent to deduct EU savings tax on an interest payment to an individual resident in an EU member state. The tax is withheld at a rate of 35 per cent., with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding. The individual may be entitled to a tax credit or refund of the withholding, provided that he or she is the beneficial owner of the interest payments and certain other conditions are met.

### **Final Foreign Withholding Taxes**

On 1 January 2013 treaties on final withholding taxes between the Switzerland and the United Kingdom and between Switzerland and Austria entered into force. The treaties, inter alia, require a Swiss paying agent to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Notes. The final withholding tax substitutes the United Kingdom or Austrian income tax, as applicable, on such income of interest or capital gain. Such a person may, however, in lieu of the final withholding tax opt for voluntary disclosure of the interest or capital income to the tax authority of his or her country of residency. Note that Switzerland may conclude similar treaties with other European countries, negotiations currently being conducted with Greece and Italy.

### **The proposed financial transactions tax (“FTT”)**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in [the] Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act**

In certain circumstances, payments to the Issuer may be subject to U.S. withholding tax if it fails to enter into an agreement with the U.S. Internal Revenue Service (the “**IRS**”) (as described below). In such circumstances, the Instruments may redeem early as provided in General Condition 7.6. In addition, an Instrumentholder may become subject to U.S. withholding at a rate of 30 per cent. on all, or a portion of, certain payments made to it after 31 December 2016 in respect of the Instruments if the Notes are treated as equity for U.S. federal tax purposes or if they are significantly modified after 31 December 2013.

On 18 March 2010, the US enacted sections 1471 through 1474 of the U.S. Internal Revenue Code (“**FATCA**”). Under FATCA, a non-U.S. financial institution generally will be required to enter into an agreement (an “**FFI Agreement**”) with the IRS to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. For these purposes, the term financial institution includes, among others, banks, insurance companies and entities that are engaged primarily in the business of investing, reinvesting or trading in securities, commodities or partnership interests, including securitization vehicles. If a participating financial institution makes a relevant payment to

an accountholder that has not provided information requested to establish that the accountholder is exempt from reporting under the rules, or if the recipient of the payment is a non-participating financial institution (that is not otherwise exempt), the payor may be required to withhold 30 per cent. on a portion of the payment. The IRS has indicated an intention to treat, for example, interest and principal paid by a participating financial institution as being subject to this 30% withholding, but only in proportion to the value of the financial institution's direct and indirect U.S. assets as compared to its total assets. However, the IRS is further considering the treatment of these so-called "passthru payments" and it is not clear how this rule will ultimately apply to the Issuer or the Instruments.

If the Issuer is required to enter into an FFI Agreement and fails to do so, or fails to comply with its obligations under that agreement, the Issuer would be subject to 30 per cent. withholding on all, or a portion of, payments received from U.S. sources and from "participating Foreign Financial Institutions". It is unclear whether the Collateral Issuer will be a Foreign Financial Institution and, if it were, whether the Collateral Securities would be instruments on which passthru payment withholding would be required.

The relevant rules have not yet been fully developed and the future application of FATCA to the Issuer and to Instrumentholders is uncertain. If the Issuer determines that it must comply with FATCA in order to receive certain payments free of U.S. withholding tax, Instrumentholders may be required to provide certain information or be subject to withholding on certain payments (including payments upon redemption of the Instruments) made to them. The withholding obligation in respect of a non-participating financial institution may apply whether the financial institution is receiving payments for its own account or on behalf of another person. If a holder is subject to withholding on account of FATCA, there will be no additional amount payable by way of compensation to the holder for the deducted amount. An investor that is able to claim the benefits of an income tax treaty between its own jurisdiction and the United States may be entitled to a refund of amounts withheld pursuant to the FATCA rules, though the investor would have to file a U.S. tax return to claim this refund and would not be entitled to interest from the IRS for the period prior to the refund.

**THE FATCA PROVISIONS ARE PARTICULARLY COMPLEX AND THEIR APPLICATION TO THE ISSUER IS UNCERTAIN AT THIS TIME. EACH INSTRUMENTHOLDER SHOULD CONSULT ITS OWN TAX ADVISOR TO OBTAIN A MORE DETAILED EXPLANATION OF THE FATCA PROVISIONS AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.**

## SALES AND TRANSFER RESTRICTIONS

### General

The distribution of this document and the offering of the Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about and to observe any such restrictions.

The Issuer will enter into a Purchase Agreement with the Purchaser in respect of each issue of Instruments, pursuant to which the Purchaser will agree, among other things, to procure purchasers for such Instruments.

The Instruments of each Series will be offered on a global basis to retail clients, professional clients and other eligible counterparties and those Instruments issued will be purchased by the Purchaser at the relevant Issue Price. Such Instruments will then be sold by the Purchaser at such times and at such prices as the Purchaser may select provided that where the Instruments are listed on any stock exchange this shall be subject to applicable rules and regulations of any such stock exchange. The Instruments of each Series may be offered or sold from time to time in one or more transactions, in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, in each case at the discretion of the Purchaser. Neither the Issuer nor the Purchaser shall be obliged to sell all or any of the Instruments of any Series.

Unless otherwise provided in the relevant Purchase Agreement, the Purchaser will in each Purchase Agreement to which it is party agree 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 Instruments or has in its possession or distributes this Base Prospectus or any part thereof or any other offering material in all cases at its own expense unless otherwise agreed and the Issuer shall have no responsibility therefor.

### Austria

The Instruments have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Republic of Austria by way of a public offering, unless in compliance with the Austrian Capital Market Act (*Kapitalmarktgesetz*) as amended from time to time.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Purchaser will be required to represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Instruments which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Instruments to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Instruments specify that an offer of those Instruments may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Instrument which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period

beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any person or entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Purchaser or Purchasers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Instruments referred to in (b) to (d) above shall require the Issuer or Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Instruments to the public**” in relation to any Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## Italy

The offering of the Instruments has not been registered with the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Instruments may be offered, sold or distributed, nor may copies of this Base Prospectus or any other document relating to any Instruments be distributed in the Republic of Italy, except in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations.

Each Purchaser will be required to represent and agree that it has not offered, sold or distributed, and will not offer, sell or distribute any Instruments or any copy of this Base Prospectus or any other offer document in the Republic of Italy (“**Italy**”) except:

- (a) to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “**Consolidated Financial Services Act**”) and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**CONSOB Regulation**”), all as amended; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Consolidated Financial Services Act and Article 34-ter of the CONSOB Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Instruments or distribution of copies of this Base Prospectus or any other document relating to the Instruments in Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No.

385 of 1 September 1993 (the “**Italian Banking Act**”), CONSOB Regulation No. 16190 of 29 October 2007, all as amended; and

- (ii) in compliance with Article 129 of the Italian Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request post-offering information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy.

*Investors should note that, in accordance with Article 100-bis of the Consolidated Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the Instruments on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Consolidated Financial Services Act and the CONSOB Regulation. Furthermore, where no exemption from the rules on public offerings applies, the Instruments which are initially offered and placed in Italy or abroad to professional investors only but in the following year are "systematically" distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Consolidated Financial Services Act and CONSOB Regulation. Failure to comply with such rules may result in the sale of such Instruments being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the purchasers of Instruments who are acting outside of the course of their business or profession. This Base Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.*

## **Poland**

The Polish FSA has not received a copy of this Base Prospectus with a translation of its summary into Polish, nor has it received a copy of the Final Terms. Furthermore, the Polish FSA has not been notified of the approval of this Base Prospectus by the Commission de Surveillance du Secteur Financier in relation to the issue of the Instruments.

The Instruments may not be offered in Poland through a public offer, as defined in Art. 3 section 1 of the Polish Act on Public Offering, to sell the Instruments, made in any form or by any means, if the offer of the Instruments is addressed to 150 or more people or at an unnamed addressee, unless such offer is made pursuant to Article 7 section 4 point 1 of the Polish Act on Public Offering (the public offer to qualified investors (*klienci profesjonalni*)) or in any other circumstances where an express exemption from compliance with the restrictions on public offers applies, as provided in the Polish Act on Public Offering.

Each Purchaser will be required to represent and agree that it has not offered, sold or distributed, and will not offer, sell or distribute any Instruments or any copy of this Base Prospectus or any other offer document in the Republic of Poland except:

- (a) to qualified investors (*klienci profesjonalni*), pursuant to Article 7 section 4 point 1 of the Polish Act on Public Offering; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on public offers applies, as provided the Polish Act on Public Offering.

The acquisition and holding of the Instruments by residents of the Republic of Poland may be subject to restrictions imposed by Polish law (including, without limitation, foreign exchange regulations) and that the re-offer or re-sale of the Instruments to Polish residents or within Poland may also be subject to restrictions.

## **Spain**

This Base Prospectus has not been registered with the Spanish *Comisión Nacional del Mercado de Valores*. Accordingly, each Purchaser will be required to represent and agree that the Instruments cannot be offered or sold in Spain by means of a public offer save in accordance and in compliance with the requirements of Law 24/1988, of 28 July, on the Securities Market (*Ley 24/1988, de 28 de Julio, del Mercado de Valores*), Royal Decree 1310/2005, of 4 November, on the admission to trading of securities to official stock exchanges, public offers and the required prospectus (“*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*”) both as amended from time to time, and any other applicable Spanish regulation.

## **Switzerland**

This document is not intended to constitute an offer or solicitation to purchase or invest in the Instruments described herein. The Instruments may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Instruments constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Base Prospectus nor any other offering or marketing material relating to the Instruments may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering, nor the Company nor the Instruments have been or will be filed with or approved by any Swiss regulatory authority. The Instruments are not subject to the supervision by the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Instruments will not benefit from protection or supervision by such authority.

## **United Kingdom**

Each Purchaser will be required to represent and agree that:

- (a) in relation to any Instruments which have a maturity of less than one year, (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 Instruments other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Instruments would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (b) 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 Instruments in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments in, from or otherwise involving the United Kingdom.

## United States

The Instruments have not been and will not be registered under the Securities Act or under the securities law of any state or political sub-division of the United States. No person has registered nor will register as a commodity pool operator of the Issuer under the Commodity Exchange Act of 1936, as amended (the “CEA”) and the rules thereunder (the “CFTC Rules”) of the Commodity Futures Trading Commission (the “CFTC”), and the Issuer has not been and will not be registered under the United States Investment Company Act of 1940, as amended, nor under any other United States federal laws. The Instruments are being offered and sold in reliance on an exemption from the registration requirements of the Securities Act pursuant to Regulation S.

Accordingly, the Instruments may not be offered, sold, pledged or otherwise transferred except (1) in an “Offshore Transaction” (as such term is defined under Regulation S) and (2) to or for the account or benefit of a Permitted Transferee.

The following definitions shall apply for the purposes of this United States selling restriction:

“Permitted Transferee” means any person who is not:

- (a) a U.S. person as defined in Rule 902(k)(1) of Regulation S;
- (b) a person who comes within any definition of U.S. person for the purposes of the CEA or any CFTC rule, guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" as such term is defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person); or
- (c) a “resident of the United States” for purposes of, and as defined in implementing regulations proposed or issued under, Section 13 of the Bank Holding Company Act of 1956, as amended (“BHC Act”).

Transfers of Instruments within the United States or to any person other than a Permitted Transferee are prohibited. Any transfer of Instruments to a person other than a Permitted Transferee (a “Non-Permitted Transferee”) will be void *ab initio* and of no legal effect whatsoever. Accordingly, any purported transferee of any legal or beneficial ownership interest in an Instrument in such a transaction will not be entitled to any rights as a legal or beneficial owner of such interest in such Instrument. The Issuer shall have the right at any time after becoming aware that any legal or beneficial ownership interest in an Instrument is held by a Non-Permitted Transferee to (i) redeem such interest, at the expense and risk of such Non-Permitted Transferee, or (ii) require such Non-Permitted Transferee to sell such interest to (a) an affiliate of the Issuer (to the extent permitted by applicable law); or (b) a person who is not a Non-Permitted Transferee, in each case in accordance with General Condition 7.4.

The foregoing restrictions on the offer, sale, pledge or other transfer of Instruments to a Non-Permitted Transferee may adversely affect the ability of an investor in the Instruments to dispose of the Instruments in the secondary market, if any, and significantly reduce the liquidity of the Instruments. As a result, the value of the Instruments may be materially adversely affected.

As defined in Rule 902(k)(1) of Regulation S, “**U.S. person**” means:

- (a) Any natural person resident in the United States;
- (b) Any partnership or corporation organized or incorporated under the laws of the United States;
- (c) Any estate of which any executor or administrator is a U.S. person;
- (d) Any trust of which any trustee is a U.S. person;
- (e) Any agency or branch of a foreign entity located in the United States;
- (f) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (h) Any partnership or corporation if:
  - (i) Organized or incorporated under the laws of any foreign jurisdiction; and
  - (ii) Formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in §230.501(a)) who are not natural persons, estates or trusts.

As defined in CFTC Rule 4.7, modified as indicated above, “**Non-United States person**” means:

- (a) A natural person who is not a resident of the United States;
- (b) A partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction;
- (c) An estate or trust, the income of which is not subject to United States income tax regardless of source;
- (d) An entity organized principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of part 4 of the Commodity Futures Trading Commission’s regulations by virtue of its participants being Non-United States persons; and
- (e) A pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States.

As defined in the CFTC's proposed interpretive guidance and policy statement regarding cross-border application of certain swaps provisions of the CEA, 77 Fed. Reg. 41214, 218 (Jul. 12, 2012), “**U.S. person**” means:

- (a) Any natural person who is a resident of the United States;

- (b) Any corporation, partnership, limited liability company, business or other trust, association, joint-stock company, fund, or any form of enterprise similar to any of the foregoing, in each case that is either
- (c) organized or incorporated under the laws of the United States or having its principal place of business in the United States (“legal entity”) or
- (d) in which the direct or indirect owners thereof are responsible for the liabilities of such entity and one or more of such owners is a U.S. person;
- (e) Any individual account (discretionary or not) where the beneficial owner is a U.S. person;
- (f) Any commodity pool, pooled account, or collective investment vehicle (whether or not it is organized or incorporated in the United States) of which a majority ownership is held, directly or indirectly, by a U.S. person(s);
- (g) Any commodity pool, pooled account, or collective investment vehicle the operator of which would be required to register as a commodity pool operator under the CEA;
- (h) A pension plan for the employees, officers, or principals of a legal entity with its principal place of business inside the United States; and
- (i) An estate or trust, the income of which is subject to United States income tax regardless of source.

As defined in proposed implementing regulations issued under Section 13 of the BHC Act, 76 Fed. Reg. 68846 (Nov, 7, 2011), “**resident of the United States**” means:

- (a) Any natural person resident in the United States;
- (b) Any partnership, corporation or other business entity organized or incorporated under the laws of the United States or any State;
- (c) Any estate of which any executor or administrator is a resident of the United States;
- (d) Any trust of which any trustee, beneficiary or, if the trust is revocable, any settlor is a resident of the United States;
- (e) Any agency or branch of a foreign entity located in the United States;
- (f) Any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or fiduciary for the benefit or account of a resident of the United States;
- (g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or fiduciary organized or incorporated in the United States, or (if an individual) a resident of the United States; or
- (h) Any person organized or incorporated under the laws of any foreign jurisdiction formed by or for a resident of the United States principally for the purpose of engaging in one or more transactions described in the permitted activity exemptions set forth in §\_\_.6(d)(1) or §\_\_.13(c)(1) of the proposed regulations for certain activities conducted solely outside of the United States.

The definitions set forth above of (i) “U.S. Person” in the CFTC's proposed interpretive guidance and policy statement regarding cross-border application of certain swaps provisions of the CEA and (ii) “resident of the United States” in the proposed implementing regulations issued under Section 13 of the BHC Act are accurate

as of the date of this Base Prospectus, but are subject to change upon the issuance of final guidance and implementing regulations, respectively. Each person who offers, sells, pledges or otherwise transfers Instruments has exclusive responsibility for ensuring that its offer, sale, pledge or other transfer is not to or for the account or benefit of any person other than a Permitted Transferee as such term is defined as of the date of such offer, sale, pledge or other transfer.

The Instruments have not been approved or disapproved by the United States Securities and Exchange Commission (“SEC”) or any other regulatory agency in the United States, nor has the SEC or any other regulatory agency in the United States passed upon the accuracy or adequacy of this document or the merits of the Instruments. Any representation to the contrary is a criminal offence. Furthermore, the Instruments do not constitute, and have not been marketed as, contracts for the sale of a commodity for future delivery (or options thereon) subject to the CEA, and neither trading in the Instruments nor this document has been approved by the CFTC under the CEA, and no person other than a Permitted Transferee may at any time trade or maintain a position in the Instruments.

**This document is neither a prospectus according to article 652a or article 1156 of the Swiss Code of Obligations nor a simplified prospectus according to article 5 of the CISA nor a listing prospectus according to the Listing Rules of the SIX Swiss Exchange.**

## **USE OF PROCEEDS**

The net proceeds from each issue of a Series of Instruments will be used to acquire the Collateral comprised in the Series Assets in respect of the Instruments, to pay for, or enter into, any Hedging Agreement(s) in connection with such Instruments and to pay expenses in connection with the administration of the Company or the issue of the Instruments.

## GENERAL INFORMATION

1. This Base Prospectus was presented to the Board and approved by a resolution of the Board passed on 24 July 2013. The issue of each Series of Instruments will be authorised by a separate resolution of the Board.
2. There has been no significant change in the financial or trading position of the Company, and no material adverse change in the financial position or prospects of the Company in each case, since 31 January 2013.
3. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had since its incorporation on 8 September 2004, a significant effect on the financial position or profitability of the Company.
4. Application has been made in accordance with the Prospectus Act 2005 which implements Directive 2003/71/EC of the European Parliament and Council of 4 November 2003 into Luxembourg law, for Instruments issued under the Programme (a) to be admitted to trading on (i) the Luxembourg Stock Exchange's regulated market pursuant to the MiFID Directive or (ii) the Euro MTF (the alternative market of the Luxembourg Stock Exchange) and (b) to be listed on the Official List of the Luxembourg Stock Exchange. Instruments may be issued under the Programme which are not listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange or any other stock exchange or market or Instruments may be issued which are listed or admitted to trading, as the case may be, on such other stock exchange or markets as the Issuer and the relevant Purchaser(s) may agree. This Base Prospectus is expected to be approved by the CSSF on 25 July 2013.
5. Each Instrument having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1278(a) of the Internal Revenue Code".
6. For the period of 12 months following the publication of this Base Prospectus, copies of the following documents (in English) will, when possible, be available for inspection free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Company and from the specified offices of the Paying Agents:
  - (i) the Articles;
  - (ii) the Declarations of Trust;
  - (iii) this Base Prospectus;
  - (iv) as soon as published, any future prospectuses, offering circulars, information memoranda, Supplements and Final Terms (save that, the Final Terms relating to an unlisted issue of Instruments will only be available for inspection by a holder of such Instruments and such holder must produce evidence satisfactory to the Company or the relevant Paying Agent, as the case may be, as to its holding of Instruments and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference;
  - (v) the Series Instrument relating to such issue of Instruments and such documents incorporated by reference into such Series Instrument (including, for the avoidance of doubt, any Hedging Agreement) save that a Series Instrument and each document incorporated by reference into such Series Instrument relating to an unlisted issue of Instruments will only be available for inspection by a holder of such

Instrument and such holder must produce evidence satisfactory to the Paying Agent as to its holding of Instruments and identity);

- (vi) the published annual report and audited financial statements of the Company for the years ending 31 January 2013 and 31 January 2012; and
  - (vii) such other documents as may be required by the rules of any stock exchange on which any Instrument is at the relevant time listed.
7. The Instruments have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Series of Instruments allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Instruments are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
8. The price and amount of Instruments to be issued under the Programme will be determined by the Issuer and the Arranger at the time of issue in accordance with prevailing market conditions.
9. The Issuer does not intend to provide any post-issuance transaction information in relation to any Series of Instruments or the performance of any Collateral or Series Assets in respect of such Series of Instruments.
10. This Base Prospectus and the Articles may be consulted on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## GLOSSARY

In this Base Prospectus, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**2010 PD Amending Directive**” means Directive 2010/73/EU.

“**Affected Collateral**” means all such Collateral which has become repayable in accordance with the General Condition 7.3 or capable of being declared due and repayable prior to its stated maturity or in respect of which there is a payment default.

“**Affiliate**” means, in relation to any entity (the “**First Entity**”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes “control” means ownership of a majority of the voting power of an entity.

“**Agency Agreement**” means the agency agreement in respect of the Instruments entered into by the Issuer, the Trustee and the Agents by their execution of the Series Instrument, as amended, restated and/or supplemented from time to time.

“**Agents**” means the Principal Agent, the Paying Agents, the Custodian, any applicable Servicer, the Calculation Agent, the Selling Agent or any of them and all references to an Agent shall include such further or other person or persons as may be appointed from time to time an agent under the Agency Agreement with the prior written approval of the Trustee under the Series Instrument.

“**Aggregate Nominal Amount**” means, in relation to any Series of Instruments, the aggregate nominal amount of such Series of Instruments for the time being outstanding. The Aggregate Nominal Amount as of the Issue Date will be as specified in the relevant Final Terms.

“**Alternative Collateral Support Arrangement**” means an arrangement that is not a Collateral Guarantee or a Keepwell Agreement entered into by a Collateral Support Provider, intended to improve the ability of the Collateral Obligor to meet its payment obligations in respect of the Collateral.

“**Amortisation Yield**” is as specified in the relevant Final Terms.

“**Arranger**” means Deutsche Bank AG, London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB.

“**Articles**” means the incorporation deed containing the articles of incorporation of the Company.

“**Atypical Securities**” means Instruments representing a securitized debt claim implying a static “use of capital” (*impiego di capitale*), issued in mass, that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) since they do not incorporate an unconditional obligation to pay, at maturity, an amount at least equal to their nominal value, as further described in the section entitled “Taxation — Italian Taxation”.

“**Banking Day**” is as specified in the relevant Final Terms.

“**Base Prospectus**” means a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

“**bearer instruments**” means Instruments that are issued in bearer form.

“**Benchmark Rate**” means one of the following, as specified in the relevant Final Terms:

- (i) EURIBOR;
- (ii) CHF-LIBOR;
- (iii) EUR-LIBOR;
- (iv) GBP-LIBOR;
- (v) USD-LIBOR;
- (vi) EUR-CMS;
- (vii) USD-CMS; and

the sum of or difference between any of the rates in (i) to (vii), provided that “Structured Floating Rate (Aggregate Benchmark Rate)” is specified in the relevant Final Terms.

“**BLG – Non-revised Consumer Price Index—Health Index (CPI)**” means the “Non-revised Consumer Price Index—Health Index”, or relevant Successor Index, measuring the rate of inflation in Belgium, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for an applicable month shall be final and conclusive and later revisions to the level for such month will not be used in any calculations.

“**BLG – Non-revised Harmonised Consumer Price Index (HICP)**” means the “Non-revised Harmonised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Belgium, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for an applicable month shall be final and conclusive and later revisions to the level for such applicable month will not be used in any calculations.

“**Board**” means the board of directors of the Company.

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Luxembourg and such other location as may be specified in the relevant Final Terms, and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, if applicable, any day on which TARGET2 is open.

“**Business Day Convention**” means one of the following, as specified in the relevant Final Terms:

- (i) “**Floating Rate Business Day Convention**” means that if a specified date would otherwise fall on a day which is not a Business Day, 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 (A) such date shall be brought forward to the immediately preceding Business Day and (B) 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;
- (ii) “**Following Business Day Convention**” means that if a specified date would otherwise fall on a day which is not a Business Day, such date shall be postponed to the next day which is a Business Day;
- (iii) “**Modified Following Business Day Convention**” means that if a specified date would otherwise fall on a day which is not a Business Day, 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 such date shall be brought forward to the immediately preceding Business Day; or

- (iv) “**Preceding Business Day Convention**” means that if a specified date would otherwise fall on a day which is not a Business Day, such date shall be brought forward to the immediately preceding Business Day.

“**Calculation Agent**” means the person (if any) executing the Series Instrument for the purpose of entering into the Agency Agreement in the capacity of calculation agent.

“**Calculation Amount**” means the amount specified as such in the relevant Final Terms.

“**Calculation Amount Factor**” means the number equal to the Specified Denomination of the relevant Instrument divided by the relevant Calculation Amount.

“**CHF-LIBOR**” means the rate for deposits in CHF which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).

“**CIT**” means Spanish Corporate Income Tax (“Impuesto sobre Sociedades”)

“**Clearing Agent**” means the person specified as such in the relevant Final Terms.

“**Clearstream, Frankfurt**” means Clearstream Banking AG in Frankfurt am Main, Germany.

“**Clearstream, Luxembourg**” means Clearstream Banking, société anonyme in Luxembourg.

“**Collateral**” means, in respect of any Series of Instruments as specified in the relevant Final Terms, certain securities issued by a Collateral Obligor, and cash deposits denominated in any currency, as specified in the relevant Final Terms.

“**Collateral Currency**” means the currency in which the Collateral is denominated.

“**Collateral Default Event**” means a default, event of default or other similar event or circumstance occurs with respect to the Collateral (howsoever described and including, without limitation, a failure to pay any principal or interest when and where due in accordance with the terms of the Collateral as at the Issue Date and further provided that if any of the Collateral comprises asset-backed securities, then any deferral of interest or other payment thereunder in accordance with its terms shall not constitute a “default”).

“**Collateral Guarantee**” means a guarantee given by the Collateral Guarantor in respect of the Collateral Obligor’s payment obligations under the Collateral or a Collateral Item, as the case may be.

“**Collateral Guarantor**” means each guarantor listed in Annex 1 (*Collateral Annex*), hereto which may be the guarantor of the Collateral or a Collateral Item, as the case may be.

“**Collateral Obligor**” means each obligor listed in the Collateral Annex hereto.

“**Collateral Payment Date**” means if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, any date on which a Principal Distribution Amount or an Interest Distribution Amount, as the case may be, is received by the Issuer.

“**Collateral Put/Call Redemption Event**” means if “Collateral Put/Call Redemption Event” is specified as “Applicable” in the relevant Final Terms, if any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with the terms of such Collateral.

“**Collateral Support**” means a Collateral Guarantee, a Keepwell Agreement or an Alternative Collateral Support Arrangement.

“**Collateral Support Provider**” means each support provider (listed in the Annex 1 (*Collateral Annex*)) of a Keepwell Agreement or an Alternative Collateral Support Arrangement.

“**Companies Act 1915**” means the Luxembourg law dated 10 August 1915 on Commercial Companies, as amended.

“**Company**” means Palladium Securities 1 S.A.

“**Compartment**” means the compartment established by the Board in respect of a Series of Instruments. Claims against the Company by holders of each Series of Instruments will be limited to the net assets of the relevant Series included in the relevant Compartment.

“**Compartment-Specific Claims Creditors**” means creditors of claims that have arisen in connection with the creation, operation or liquidation of a Compartment and which are not provided for in the waterfall included in the Conditions.

“**Conditions**” means the terms and conditions of the Instruments comprising of the General Conditions and the relevant Final Terms.

“**CONSOB**” means *Commissione Nazionale per le Società e la Borsa*.

“**CONSOB Regulation**” means CONSOB Regulation No. 11971 of 14 May 1999.

“**Consolidated Financial Services Act**” means Legislative Decree no. 58 of 24 February 1998.

“**CRA Regulation**” means Regulation (EC) No 1060/2009 on credit rating agencies.

“**Credit Support Annex**” means, in relation to any Hedging Agreement, a Credit Support Annex (Bilateral Form – Transfer) (1995 version for ISDA Agreements subject to English law) as published by the International Swaps and Derivatives Association Inc., entered into by the Issuer and such Hedging Counterparty and dated the relevant Issue Date and as amended, restated and/or supplemented from time to time, pursuant to which the Hedging Collateral (if any) is delivered by the Hedging Counterparty to the Custodian or if “2-Way Hedging Collateral Posting” is specified in the relevant Final Terms, by the Issuer to the Hedging Counterparty.

“**Credit Support Deed**” means, in relation to any Hedging Agreement, a Credit Support Deed (Bilateral Form – Security Interest) (1995 version for ISDA Agreements subject to English law) as published by the International Swaps and Derivatives Association Inc., entered into by the Issuer and such Hedging Counterparty and dated the relevant Issue Date and as amended, restated and/or supplemented from time to time, pursuant to which the Hedging Collateral is delivered by the Hedging Counterparty to the Custodian or if “2-Way Hedging Collateral Posting” is specified in the relevant Final Terms, by the Issuer to the Hedging Counterparty.

“**Credit Support Document**” means a Credit Support Annex or a Credit Support Deed, as specified in the relevant Final Terms.

“**CSSF**” means the *Commission de Surveillance du Secteur Financier*, the Luxembourg financial sector and stock exchange regulator, in its capacity as competent authority under the Luxembourg act dated 10 July 2005 on prospectuses for securities, as amended, to approve this document as a base prospectus.

“**Custodian**” means Deutsche Bank Luxembourg S.A. in the capacity of custodian and any successor, substitute or additional Custodian from time to time appointed.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Instrument for any period of time (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the relevant Final Terms, 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 Final Terms, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/360**” is specified in the relevant Final Terms, 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 Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

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

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

where:

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

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

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

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

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

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

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

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

where:

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

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

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

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

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

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

- (vii) If “**Actual/Actual (ICMA)**” is specified hereon:

(d) 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

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

(I) 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

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

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

“**Declarations of Trust**” mean the declarations of trust dated 3 September 2004 under which the relevant Share Trustee holds its ordinary shares on trust for charity.

“**Decree 239**” means Legislative Decree No. 239 of 1 April 1996 of Italy, as subsequently amended.

“**Deutsche Bank AG**” means Deutsche Bank Aktiengesellschaft, a banking institution and a stock corporation incorporated under the laws of Germany and has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main.

“**Deutsche Bank Group**” means a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies, whose parent company is Deutsche Bank Aktiengesellschaft.

“**Director**” means a director of the Issuer.

“**Domestic Disbursing Agent**” means a German credit or financial services institution (*Kredit- oder Finanzdienstleistungsinstitut*) (or a German branch of a foreign credit or financial services institution), or a German securities trading business (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*).

“**Domiciliation Agent**” means Deutsche Bank Luxembourg S.A. of 2, Boulevard Konrad Adenauer, L-1115 Luxembourg.

“**Early Termination Amount**” means, in respect of General Condition 7.3 (*Mandatory cancellation*), General Condition 7.6 (*Cancellation for taxation and other reasons*), General Condition 12 (*Events of Default*) and the relevant Final Terms, an amount calculated in accordance with General Condition 7.2 (*Early Termination*).

“**Early Termination Interest Period**” means the Interest Period in which the Instruments become due and payable pursuant to General Condition 7.3 (*Mandatory cancellation*), General Condition 7.6 (*Cancellation for Taxation of other reasons*) or General Condition 12 (*Events of Default*).

“**Early Termination Unwind Costs**” means the sum (the result of which may be positive, negative or zero) of:

- (a) an amount, if any, determined by the Calculation Agent equal to (i) the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Hedging Counterparty (expressed as a positive amount) or (ii) the gain realised by the Hedging Counterparty (expressed as a negative amount), in either case in connection with the cancellation of the Instrument and the related termination, settlement or re-establishment of any hedge or related trading position; and (without duplication); and

- (b) (expressed as a positive amount) any legal and other ancillary costs (including if applicable, without limitation, any costs in relation to the realisation of the Collateral) incurred by the Issuer, the Trustee or the Hedging Counterparty as a result of the Instruments becoming subject to mandatory cancellation.

“**Early Termination Valuation Date**” means:

- (a) for the purposes of a cancellation under General Condition 7.3 (*Mandatory cancellation*) or General Condition 7.6 (*Cancellation for taxation or other reasons*), the Business Day immediately preceding the due date for cancellation; or
- (b) for the purposes of a cancellation under General Condition 12 (*Events of Default*), the due date for cancellation.

“**Effective Date**” means, with respect to any Interest Rate to be determined on an Interest Determination Date, the first day of the Interest Period to which such Interest Determination Date relates.

“**ESP – National-Revised Consumer Price Index (CPI)**” means the “Year on Year Revised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Spain, expressed as an annual percentage and published by the relevant Index Sponsor. The first publication or announcement of a level of such index, or, if revised, any subsequent revisions of such level for an applicable month shall be final and conclusive, provided that such revisions are published or announced up to and including the day that is two Business Days prior to the relevant Payment Date.

“**EU Savings Tax Directive**” means EU Council Directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interest payments.

“**EUR – Excluding Tobacco-Non-revised Consumer Price Index**” means the “Non-revised Index of Consumer Prices excluding Tobacco”, or relevant Successor Index, measuring the rate of inflation in the European Monetary Union excluding tobacco, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for an applicable month shall be final and conclusive and later revisions to the level for such month will not be used in any calculations.

“**EUR-CMS**” means the annual swap rate for euro swap transactions, expressed as a percentage, which appears on the Reuters Screen ISDAFIX2 Page (or any Successor Source) under the heading “EURIBOR BASIS - EUR” and above the caption “11:00 AM FRANKFURT”.

“**EUR-LIBOR**” means the rate for deposits in EUR which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).

“**EURIBOR**” means the rate for deposits in EUR which appears on the Reuters Screen EURIBOR01 Page (or any Successor Source).

“**Euroclear**” means Euroclear Bank SA/N.V.

“**Euro-zone**” means the region comprising the member states of the European Union that adopt the euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended by the Treaty of European Union as amended by the Treaty of Amsterdam but excluding those members states acceded in the European Union after May 2004.

“**Event of Default**” means each of the events specified as such in General Condition 12 (*Events of Default*).

“**Extraordinary Resolution**” means a resolution passed at a meeting of Instrumentholders duly convened and held in accordance with the Series Instrument by a majority of at least 75 per cent. of the votes cast or a

resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in Aggregate Nominal Amount of the Instruments for the time being outstanding.

“**FATCA**” means the U.S. Foreign Account Tax Compliance Act.

“**FFI**” means a foreign financial institution (as defined in FATCA).

“**Final Redemption Amount**” means 100 per cent. per Calculation Amount per Instrument.

“**Final Terms**” means the final terms relating to a Series of Instruments as set out in the relevant Series Instrument.

“**First Index Level**” means, subject to the Index Adjustment Provisions in General Condition 22, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for the First Index Level Month specified in the Final Terms as determined by the Calculation Agent, without regard to any subsequently published correction

“**First Index Level Month**” shall have the meaning given to it in the Final Terms.

“**FRC – Excluding Tobacco-Non-Revised Consumer Price Index**” means the “Non-revised Index of Consumer Prices excluding Tobacco”, or relevant Successor Index, measuring the rate of inflation in France excluding tobacco expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for an applicable month shall be final and conclusive and later revisions to the level for such month will not be used in any calculations.

“**FSMA**” means the United Kingdom Financial Services and Markets Act 2000.

“**GBP-LIBOR**” means the rate for deposits in GBP which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).

“**GBP – Non-revised Retail Price Index (UKRPI)**” means the “Non-revised Retail Price Index All Items in the United Kingdom”, or relevant Successor Index, measuring the all items rate of inflation in the United Kingdom expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for an applicable month shall be final and conclusive and later revisions to the level for such month will not be used in any calculations.

“**General Conditions**” means the general conditions set out in this Base Prospectus which comprise a part of the Conditions of the Instruments.

“**Global Instrument**” has the meaning given to that term in General Condition 3.1 (*Form of Instruments*).

“**Grace Period**” means a period of 14 days, or if “Collateral Matched Grace Period” is specified as “Applicable” in the relevant Final Terms, the period specified in the relevant Final Terms which shall be equal to the grace period applicable to the payment of any sum due in respect of the Collateral before a default may be declared.

“**Hedging Agreement**” means each hedging agreement between the Issuer and a Hedging Counterparty in respect of any Series of the Instruments on the terms of the ISDA Master Agreement (including the related schedule) set out in and/or incorporated by reference into the Series Instrument, as supplemented by (a) a confirmation, and (b) if so specified in the relevant Final Terms, a Credit Support Document, in each case, entered into by the Issuer and such Hedging Counterparty and dated the relevant Issue Date and as amended, restated and/or supplemented from time to time.

“**Hedging Agreement Termination Date**” means the date specified as such in the relevant Final Terms.

“**Hedging Collateral**” means, such cash and/or government bonds and/or other assets delivered by the Hedging Counterparty to the Custodian from time to time pursuant to the terms of the Credit Support Document, if applicable.

“**Hedging Counterparty**” means Deutsche Bank AG London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom where it executes the Series Instrument in the capacity of Hedging Counterparty.

“**Hedging Counterparty Priority**” means the priority of payments set out in General Conditions 8.8.1 to 8.8.4, inclusive.

“**IGT**” means Spanish Inheritance and Gift Tax.

“**Index**” means the index specified in the Final Terms.

“**Index Sponsor**” means the sponsor of the Index specified in the Final Terms.

“**Instrumentholders**” means the holder of Instruments of the relevant Series.

“**Instrumentholder Expenses**” means, in respect of an Instrument, all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, in each case payable by or on behalf of the Issuer and arising in connection with (i) the exercise of such Instrument and/or (ii) any payment and/or delivery due following exercise, cancellation, repurchase, redemption or otherwise in respect of such Instrument.

“**Instrumentholder Pari Passu Basis**” means the priority of payments set out in General Condition 8.8(A).

“**Instrumentholder Priority Basis**” means the priority of payments set out in General Condition 8.8(B).

“**Instruments**” means the secured notes issued under this Programme.

“**Instruments Income**” has the meaning given to it in the section entitled “Italian taxation”.

“**Interest Accrual Date**” means the dates specified as such in the relevant Final Terms.

“**Interest Amount**” means, in respect of each Instrument, an amount calculated by the Calculation Agent in accordance with General Condition 5 (*Interest*) and the relevant Final Terms.

“**Interest Component Adjustment Date**” means the date specified as such in the relevant Final Terms.

“**Interest Determination Date**” means, with respect to an Interest Period, the date specified as such in the relevant Final Terms.

“**Interest Distribution Amount**” means if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, any payment of interest received by the Issuer in respect of the Collateral on a Collateral Payment Date.

“**Interest Payment Date**” means the dates specified as such in the relevant Final Terms.

“**Interest Period**” means the period commencing on (and including) the Issue Date (or the Primary Market End Date if so specified in the relevant Final Terms) to (but excluding) the first Interest Accrual Date and each period commencing on (and including) an Interest Accrual Date to (but excluding) the next following Interest Accrual Date and, if interest is required to be calculated for a period ending other than on (but excluding) the relevant Interest Accrual Date, the period commencing on (and including) the most recent Interest Accrual Date to (but excluding) the relevant payment date.

“**Interest Rate**” means, subject as provided below, (i) in respect of Fixed Rate Interest, the Fixed Rate as specified in the relevant Final Terms, or (ii) in respect of Floating Rate Interest, the rate of interest payable from time to time in respect of the Instruments calculated in accordance with the provisions of General Condition 5.2 (*Floating Rate Interest*) and adjusted to reflect any Maximum Interest Rate or Minimum Interest Rate specified in the Final Terms. In the case of Instruments in respect of which the relevant Final Terms specify that “Interest Component Adjustment” is Applicable, the Calculation Agent in its reasonable discretion may determine an adjustment to any component of the initial Interest Rate including to the Interest Rate itself in accordance with its normal pricing methodology on the specified Interest Component Adjustment Date.

“**Interest Rate Switch Date**” means the date specified as such in the relevant Final Terms.

“**Intermediary**” has the meaning given to it in the section entitled “Italian taxation”.

“**IRC**” means Italian Corporate Income Tax (*Imposto sobre o Rendimento das Pessoas Colectivas*).

“**IRS**” means the U.S. Internal Revenue Service.

“**Issue Date**” means the date specified as such in the relevant Final Terms.

“**Issuer**” means the Company acting in respect of a compartment.

“**TTL – Inflation for Blue Collar Workers and Employees–Excluding Tobacco Consumer Price Index**” means the “*Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI) senza tabacchi*”, or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for an applicable month shall be final and conclusive and later revisions to the level for such applicable month will not be used in any calculations.

“**Keepwell Agreement**” means an agreement by a Collateral Support Provider to ensure a Collateral Obligor has sufficient funds to meet its obligations under the Collateral.

“**Law**” means the Luxembourg law of 23 December 2005.

“**Law 130**” means Italian law No. 130 of 30 April 1999, as amended from time to time (*Disposizioni sulla cartolarizzazione dei crediti*).

“**Laws**” means the Luxembourg laws of 21 June 2005.

“**Legal Entity**” means a legal person who is appointed as a member of the Board.

“**Leverage Factor**” means, where applicable, the number specified in the relevant Final Terms. In the case of Instruments in respect of which the relevant Final Terms specify that “Interest Component Adjustment” is Applicable, the Calculation Agent, may, if applicable, in its reasonable discretion determine an adjustment to the initial Leverage Factor in accordance with its normal pricing methodology on the specified Interest Component Adjustment Date.

“**Linear Interpolation**” means the straight-line interpolation by reference to two rates based on the Relevant Rate, one of which will be determined as if the Specified Duration were the period of time for which rates are available next shorter than the length of the affected Interest Period and the other of which will be determined as if the Specified Duration were the period of time for which rates are available next longer than the length of such Interest Period.

“**Luxembourg**” means the Grand Duchy of Luxembourg.

“**Market Value Collateral**” means, in respect of each item of Collateral (i) where the Collateral has not been redeemed, an amount in the Collateral Currency calculated by the Calculation Agent equal to the highest firm bid quotation obtained by the Calculation Agent from the Reference Banks for the Collateral (excluding accrued but unpaid interest in respect thereof), on the relevant Early Termination Valuation Date provided that if no firm bid quotation is obtained, the Market Value Collateral shall be calculated by the Calculation Agent in good faith and may in certain circumstances be zero, or (ii) in circumstances where the Collateral has been redeemed, the proceeds of redemption of the Collateral.

“**Maturity Date**” means (a) if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, the Scheduled Maturity Date or the Postponed Maturity Date, as the case may be, or (b) otherwise, the maturity date of the Instruments, as specified in the relevant Final Terms.

“**Mémorial**” means the *Mémorial C, Recueil des sociétés et associations*.

“**MiFID Directive**” means Directive 2004/39/EC.

“**Net Proceeds**” means the net proceeds of the realisation of the security created pursuant to the Series Instrument.

“**Non Compartment-Specific Claims Creditors**” means creditors whose claims against the Company have not arisen in connection with the creation, operation or liquidation of a Compartment and which have not waived their recourse to the assets of any Compartment.

“**Non-exempt Offer**” means an offer of Instruments, if the Final Terms in relation to the Instruments specify that such an offer may be made, other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State.

“**Notice Period**” means the number of days specified as the Notice Period in the relevant Final Terms.

“**Option Premium**” means the premium payable to the Hedging Counterparty by the Issuer in respect of an option contained in the Hedging Agreement and is further described in the relevant Final Terms.

“**Optional Redemption Amount**” means the amount specified in the relevant Final Terms.

“**Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Monitor Money Rates Service (“**Reuters**”) and the Bloomberg service (“**Bloomberg**”)) as may be specified as such in the relevant Final Terms for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other page as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

“**Pass-through Period**” means, if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, the period from and including the Scheduled Maturity Date to and including the Postponed Maturity Date.

“**Paying Agent**” means the person(s) executing the Agency Agreement in the capacity of paying agent and any successor, substitute or additional Paying Agent from time to time appointed.

“**Payment Day**” means any day which is (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation and London and Luxembourg; and (ii) either (1) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange

and foreign currency deposits) in the principal financial centre of the country of such currency (if other than the place of presentation) or (2) in relation to any sum payable in euro, a day that TARGET2 is open.

“**Permanent Global Instrument**” means a Series of Instruments represented by interests in a permanent global instrument.

“**Permitted Indebtedness**” has the meaning given to that term in General Condition 10.1.1 (*Restrictions*).

“**Permitted Investments**” has the meaning given to that term in General Condition 10.1.1 (*Restrictions*).

“**PIT**” means Spanish Personal Income Tax (“*Impuesto sobre la Renta de las Personas Físicas*”).

“**Polish Act on Public Offering**” means the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005, as amended.

“**Polish FSA**” means the Polish competent authority for the approval of prospectuses for the public offering of securities in Poland or the admission of the Instruments to trading on an EU regulated market in Poland.

“**Postponed Maturity Date**” has the meaning given to that term in Condition 7.1 (*Redemption at Maturity*).

“**Potential Event of Default**” means an event which, with the giving of notice and/or lapse of time and/or the forming of an opinion and/or the giving of any certificate and/or the making of any determination, would become an Event of Default.

“**Premium**” means the amount specified in the relevant Final Terms.

“**Primary Market End Date**” has the meaning given to it in the relevant Final Terms.

“**Principal Agent**” means the person executing the Series Instrument for the purpose of entering into the Agency Agreement in the capacity of issuing and paying agent and any successor, substitute or additional Principal Agent from time to time appointed.

“**Principal Distribution Amount**” means, if “Collateral Maturity Postponement Adjustment” is specified as “Applicable” in the relevant Final Terms, any payment of principal received by the Issuer in respect of the Collateral on a Collateral Payment Date.

“**Programme**” means this programme for the issuance of secured notes.

“**Prospectus Directive**” means the Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive).

“**Purchase Agreement**” means the purchase agreement in respect of the Instruments pursuant to which the Instruments are purchased by the Purchaser on the Issue Date, entered into by the Issuer and the Purchaser by their execution of the Series Instrument, as amended, restated and/or supplemented from time to time.

“**Purchaser**” means the person (if any) executing the Series Instrument in the capacity of purchaser.

“**Rating Agency Confirmation**” means a written confirmation from a Relevant Rating Agency that any action proposed to be taken by the Issuer or any Series Party will not have an adverse effect on the then current rating of any rated Instruments.

“**Redemption Amount**” means the Final Redemption Amount, Early Termination Amount or Optional Redemption Amount, as applicable.

“**Redemption Date**” means the Maturity Date, the Optional Redemption Date or the date on which any Early Termination Amount is due to be paid, as applicable.

“**Reference Banks**” means Deutsche Bank AG and two banks unaffiliated to Deutsche Bank AG designated by the Calculation Agent at the relevant time.

“**Regulation S**” means Regulation S of the Securities Act.

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre specified as such in the Final Terms or, if none is so specified the financial centre with which the relevant Benchmark Rate is most closely connected or, if none is so connected or if the Specified Currency is euro, London.

“**Relevant Implementation Date**” in relation to a Relevant Member State means the date on which the Prospectus Directive is implemented in that Relevant Member State.

“**Relevant Member State**” means each Member State of the European Economic Area which has implemented the Prospectus Directive.

“**Relevant Rate**” means, if “Benchmark Rate” is specified in the applicable Final Terms the Benchmark Rate for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark Rate) equal to the Specified Duration commencing on the Effective Date provided that, if the Relevant Rate is specified as “Structured Floating Rate (SD1 – SD2)” in the applicable Final Terms, the Relevant Rate shall be (i) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to SD1 specified in the applicable Final Terms, minus (ii) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to SD2 specified in the applicable Final Terms, each as determined in accordance with General Condition 5.2.3(b).

“**Relevant Rating Agency**” means, in respect of a series of Instruments, each rating agency specified as such in the relevant Final Terms.

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if none is specified, the local time in the Relevant Financial Centre (or, if the Relevant Financial Centre is the Euro-zone, Central European Time) at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre.

“**Repayable Assets**” means all such Collateral which has become repayable or capable of being declared due and repayable prior to its stated maturity or in respect of which there is a payment default together with all remaining Collateral or, if so specified in the Conditions, a part thereof only (which may or may not form obligations of the same person as those which have become repayable or in respect of which there has been such a payment default) deemed to have become immediately repayable.

“**Representative Amount**” means, in relation to any Floating Rate Interest to be calculated in accordance with General Condition 5.2, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“**Responsible Person**” means, in respect of the information provided in this Base Prospectus, the Company.

“**Scheduled Maturity Date**” has the meaning, if “Collateral Maturity Postponement Adjustment” is specified as being “Applicable” in the relevant Final Terms, given to that term in the relevant Final Terms.

“**Second Index Level**” means, subject to the Index Adjustment Provisions in General Condition 22, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for the Second Index Level Month specified in the Final Terms as determined by the Calculation Agent, without regard to any subsequently published correction.

“**Second Index Level Month**” shall have the meaning given to it in the Final Terms.

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Securitisation Act 2004**” means the Luxembourg act dated 22 March 2004 on securitisation, as amended.

“**SEK – Non-revised Consumer Price Index (CPI)**” means the “Non-revised Index of Consumer Prices”, or relevant Successor Index, measuring the rate of inflation in Sweden, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for an applicable month shall be final and conclusive and later revisions to the level for such month will not be used in any calculations.

“**Selling Agent**” means the person executing the Agency Agreement in the capacity of selling agent and any successor, substitute or additional Selling Agent from time to time appointed.

“**Series**” means a series of Instruments.

“**Series Assets**” means the Collateral and the other property, assets and/or rights of the Issuer so specified to be Series Assets in the Series Instrument for the relevant Series of Instruments and which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Trustee pursuant to the Series Instrument. The Series Assets shall have characteristics whereby, taken together, they demonstrate a capacity to produce funds to service the Issuer’s obligations to make payments due and payable under the Instruments.

“**Series Instrument**” means the Series Instrument dated the Issue Date of the relevant Series made between, *inter alios*, the Issuer and the Trustee, by which such Series of Instruments is constituted and secured, as amended, restated and/or supplemented from time to time.

“**Series Parties**” means the Instrumentholders, the Trustee, the Custodian and any Hedging Counterparty, all of whom expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and, in particular, the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in the General Conditions, this Base Prospectus and the relevant Final Terms.

“**Servicer**” means Deutsche Bank Luxembourg S.A. in the capacity of servicer and any successor, substitute or additional Servicer from time to time appointed

“**Share Trustees**” mean the holders of the issued ordinary shares of the Company held on trust by these holders.

“**Shortfall**” means the amount, if any, by which the amount of the Net Proceeds is less than the payments which would, but for the provisions of General Condition 8.10 (*Realisation of the Series Assets*), have been due under the Instruments and each Hedging Agreement and/or to any other Series Parties.

“**Specified Denomination**” means the denomination(s) specified in the relevant Final Terms.

“**Specified Duration**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the period of 3 months, 6 months, 12 months, 1 year, 2 years, 5 years, 10 years or 30 years, specified in the relevant Final Terms.

“**Specified Office**” means, in relation to an Agent, the office identified with its name in the applicable Final Terms or such other office as may otherwise be determined pursuant to the Series Instrument.

“**Specified Rate**” has the meaning given to it in the relevant Final Terms.

“**Substitute Company**” has the meaning given to that term in General Condition 14.4 (*Substitution*).

“**Successor Index**” has the meaning given to that term in General Condition 22.2.1, 22.2.3 or 22.2.4, as applicable.

“**Successor Source**” means, in respect of a page, screen or other published source, (i) any successor display page, other published source, information vendor, service or provider that has been officially designated by the sponsor of the original page or source, or (ii) if the sponsor has not officially designated a successor display page, other published source, information vendor, service or provider (as the case may be), the successor display page, other published source, information vendor, service or provider, if any, designated by the relevant information vendor, service or provider (if different from the sponsor).

“**Supplement**” means any supplement to this Base Prospectus.

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer System.

“**TEFRA C Rules**” means the U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C).

“**TEFRA D Rules**” means the U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D).

“**Temporary Global Instrument**” means a Series of Instruments initially represented by interests in a temporary global instrument.

“**Territories**” means Luxembourg and certain dependent and associated territories of EU Member States.

“**Trustee**” means Deutsche Trustee Company Limited of Winchester House, 1 Great Winchester Street, London EC2N 2DB and any successor, substitute or additional Trustee from time to time appointed.

“**Typical Securities**” means bonds (*obbligazioni*) or debentures similar to bonds representing a securitized debt claim implying a static “use of capital” (*impiego di capitale*), issued in mass that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and that do not allow a direct or indirect participation to the management of the issuer, as further described in the section entitled “Italian Taxation”.

“**United States**” means United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico.

“**USA – Non-revised Consumer Price Index – Urban (CPI-U)**” means the “Non-revised index of Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment”, or relevant Successor Index, measuring the rate of inflation in the United States expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for an applicable month shall be final and conclusive and later revisions to the level for such month will not be used in any calculations.

“**USD-CMS**” means the annual swap rate for USD swap transactions, expressed as a percentage, which appears on the Reuters Screen ISDAFIX1 Page (or any Successor Source) under the heading “USD 11:00 AM” and above the caption “<USDSFIX=>”

“**USD-LIBOR**” means the rate for deposits in USD which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).

“**US Persons**” or individually a “**US Person**” has the meaning given to that term in Rule 902 under the Securities Act.

“**US Residents**” or individually a “**US Resident**” means:

- (i) any natural person resident in the United States;
- (ii) any partnership, corporation or other business entity organized or incorporated under the laws of the United States or any state thereof;

- (iii) any estate of which any executor or administrator is a resident of the United States;
- (iv) any trust of which any trustee, beneficiary or, if the trust is revocable, any settlor is a resident of the United States;
- (v) any agency or branch of a foreign entity located in the United States;
- (vi) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or fiduciary for the benefit or account of a resident of the United States;
- (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or fiduciary organized or incorporated in the United States, or (if an individual) a resident of the United States; or
- (viii) any partnership, corporation or other entity organized or incorporated under the laws of any foreign jurisdiction formed by or for a resident of the United States principally for the purpose of engaging in one or more transactions described in the Section 13 of the U.S. Bank Holding Company Act of 1956 and its implementing regulations, permitted activity exemptions for certain activities conducted solely outside of the United States.

**ANNEX 1**  
**COLLATERAL ANNEX**

Each of the following entities shall be a “Collateral Obligor”, a “Collateral Guarantor” or a “Collateral Support Provider” for the purposes of this Base Prospectus.

Name of the Collateral Obligor	Registered Address	Country of Incorporation	General Description of the Collateral Obligor	Method of creation of the Collateral issued by the Collateral Obligor
ABN Amro Bank NV	Gustav Mahlerlaan 10 Amsterdam, 1082 PP Netherlands	Netherlands	<p>The Collateral Obligor accepts deposits, and offers commercial banking services. The Collateral Obligor focuses on credit, loans, insurance, saving, investments, mortgages, pension plans, and provisions. The Collateral Obligor also offers online, and mobile banking.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Amsterdam Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.abnamro.nl">http://www.abnamro.nl</a></p>	Issued in the normal course of its business.
Allied Irish Banks Plc (AIB)	AIB Group Headquarters Bankcentre, Ballsbridge, Dublin 4, Ireland.	Ireland	<p>The Collateral Obligor provides special banking services. The Collateral Obligor holds mortgage credit assets, deals, and issues mortgage covered securities to support its business of financing loans secured on residential or commercial property.</p> <p>The Collateral Obligor serves private and corporate customers throughout Ireland. The Collateral Obligor has financial instruments listed on the regulated market of the Dublin Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.aib.ie/personal/mortgages">http://www.aib.ie/personal/mortgages</a></p>	Issued in the normal Course of its business
AIB Mortgage Bank	AIB Bank Centre, Ballsbridge, Dublin 4, Ireland	Ireland	The Collateral Obligor provides special banking services. The Collateral Obligor holds mortgage credit assets, deals, and issues mortgage covered securities to support its business of financing loans secured on residential or commercial property. The Collateral Obligor serves private and	Issued in the normal Course of its business

			<p>corporate customers throughout Ireland.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Dublin Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.aib.ie/personal/mortgages">http://www.aib.ie/personal/mortgages</a></p>	
ArcelorMittal	<p>19, avenue de la Liberté, L-2930 Luxembourg</p> <p>R.C.S. Luxembourg B 82.454</p>	Luxembourg	<p>The object of the Collateral Obligor is to produce steel. The Collateral Obligor manufactures cold rolled, electrogalvanised and coated steels, slabs, special quality bars, and wire rods. The Collateral Obligor has steel making operations in Europe, the Americas, Asia, and Africa.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Amsterdam Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.arcelormittal.com/corp/who-we-are">http://www.arcelormittal.com/corp/who-we-are</a></p>	Issued in the normal course of its business.
Areva SA	<p>33, rue La Fayette - 75009 Paris, France</p>	France	<p>The Collateral Obligor offers technological solutions for nuclear power generation and electricity transmission and distribution. The Collateral Obligor also manufactures nuclear measurement equipment, transportation safety systems, along with the recycling and reprocessing of nuclear fuel.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Paris Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.areva.com">http://www.areva.com</a></p>	Issued in the normal course of its business
Atlantia SPA	<p>Via Antonio Nibby, 20 00161 Rome, Italy</p>	Italy	<p>The Collateral Obligor is a holding company with responsibility for portfolio strategies in the transport and communications infrastructures and network sectors.</p>	Issued in the normal Course of its business
AUTOROUTES PARIS-RHIN-RH	<p>36 Rue du Docteur-Schmitt France</p>	France	<p>The Collateral Obligor builds and operates toll motorways and other structures under license from the French government.</p> <p>The Collateral Obligor has financial instruments listed on the Luxembourg exchange. Further information on the Collateral Obligor can be found on its website:</p>	Issued under normal course of Business

			<a href="http://www.parisrhinhone.fr">www.parisrhinhone.fr</a>	
Autostrade SpA	Via Alberto Bergamini 50 Rome, 00159, Italy	Italy	The Collateral Obligor provides motorway construction, management and transport services. The company constructs, manages and maintains toll highways, ports, inter-ports and car parks.	N/A
Autostrade per l'Italia SpA	Via Alberto Bergamini 50 Rome, 00159, Italy	Italy	The Collateral Obligor provides motorway construction, management, and transport services. The Collateral Obligor constructs, manages, and maintains toll highways, ports, inter-ports, and car-parks.  The Collateral Obligor provides services in Europe. The Collateral Obligor has financial instruments listed on the regulated market of the Dublin and Milan stock exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.autostrade.it/">http://www.autostrade.it/</a>	Issued in the normal Course of its business
AXA Bank Europe SA	Blvd du Souverain 25 Brussels, 1170 Belgium	Belgium	The Collateral Obligor provides banking products and services. The Collateral Obligor offers individuals, mid-sized, and large businesses products and services like insurance, protection, savings retirement, and financial planning needs. The Collateral Obligor serves customers throughout Europe.  The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.axa.be">http://www.axa.be</a>	Issued in the normal course of its business
Banca Monte Dei Paschi Siena	Piazza Salimbeni 3. 53100 Siena, Italy.	Italy	The Collateral Obligor attracts deposits and offers commercial banking services. The Collateral Obligor offers credit, asset management services, insurance, mutual funds, Internet banking, and investment banking services.  The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA. Further information on the Collateral Obligor can be found on its website: <a href="http://www.mps.it">http://www.mps.it</a>	Issued in the normal course of its business.

Banca Popolare di Milano S.c.a.r.l	P.ZZA Meda 4 20121 Milano	Italy	<p>The Collateral Obligor attracts deposits and offers commercial banking services. The Collateral Obligor offers brokerage, trust, lease financing, asset management, private banking, and factoring services, manages mutual funds, and offers insurance services. The Collateral Obligor serves its customers through a branch network located primarily in Italy, London, and New York.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bpm.it">http://www.bpm.it</a></p>	Issued in the normal course of its business
Banca Popolare di Vicenza S.C.P.A.	Via Battaglione Framarin, 18. I— 36100 Vicenza, Italy	Italy	<p>The Collateral Obligor provides retail and corporate banking services to private and corporate customers. The Collateral Obligor collects deposits from the general public and uses those funds to originate a variety of loans. The Collateral Obligor offers a wide range of financial and commercial banking products and services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.popolarevicenza.it">http://www.popolarevicenza.it</a></p>	Issued in the normal course of its business
Banco Bilbao Vizcaya Argentaria SA	Plaza de San Nicolas, 4, 48005 Bilbao, Spain.	Spain	<p>The Collateral Obligor is a Spanish bank the main business areas of which are retail banking, wholesale banking, investment banking, asset management and private banking. It also operates in other sectors, such as insurance and pensions, real estate and operating leases.</p> <p>The Collateral Obligor's activity is mainly located in Spain, Portugal, Mexico, South America and the United States</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Madrid and Frankfurt Exchanges. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bbva.com">http://www.bbva.com</a></p>	Issued in the normal course of its business.
Banco Comercial Portugues SA	Rua Áurea, 130, 3rd Floor / 1100-060	Portugal	<p>The Collateral Obligor attracts deposits and offers commercial and investment banking services. The Collateral obligor offers consumer loans,</p>	Issued in the normal course of its business.

	Lisbon, Portugal		<p>factoring, lease financing, mortgages, insurance, securities brokerage, investment funds, and American Express cards. The Collateral Obligor operates offices in Europe, the Americas, Africa, and China.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bcp.pt">http://www.bcp.pt</a></p>	
Banco de Sabadell SA	Pl. Sant Roc, 20, 08201 Sabadell, Spain	Spain	<p>The Collateral Obligor attracts deposits and offers commercial banking services. The Collateral Obligor offers mortgage, consumer, student, and building improvement loans, private banking services, and insurance, and sponsors Visa credit cards. The Obligor operates branches throughout Spain, elsewhere in Europe, the Caribbean, the Americas, and Asia.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the AIAF and Barcelona Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bacsabadell.com">http://www.bacsabadell.com</a></p>	Issued in the normal course of its business.
Banco Espanol de Credito SA (Banesto)	Avenida Gran Vía Hortaleza No. 3 28033 Madrid , Spain	Spain	<p>The Collateral Obligor attracts deposits and offers commercial, retail, and private banking services. The Obligor offers loans, lease financing, factoring, treasury, insurance and personal banking services, manages mutual funds, offers asset management services, and sponsors credit cards.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the AIAF and Madrid Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.banesto.es">http://www.banesto.es</a></p>	Issued in the normal course of its business.
Banco Espirito Santo SA	Av. da Liberdade, 195, 1250-142 Lisboa, Portugal	Portugal	<p>The Collateral Obligor provides commercial and investment banking services. The Collateral Obligor offers commercial, consumer, and mortgage loans, foreign exchange, mutual funds, government debt securities, project financing, advice on corporate restructuring and privatization, and securities brokerage services, and underwrites equity and debt securities.</p> <p>The Collateral Obligor has financial instruments listed on the regulated</p>	Issued in the normal course of its business.

			market of the Frankfurt Stock Exchange and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bes.pt">http://www.bes.pt</a>	
Banco Popolare – Società Cooperativa	Piazza Nogara 2, 37121 Verona, Italy	Italy	<p>The Collateral Obligor collects saving funds and issues loans and credit, in its various forms, for the benefit of both its shareholders and non-shareholders, inspired by the principles of cooperative credit (credito cooperativo). The Collateral Obligor may undertake all banking, financial and insurance activities, transactions and services in compliance with applicable provisions of law and subject to the prior obtainment of prescribed authorisations, including the establishment and management of open or closed-end pension funds, and other activities permitted for credit institutions including bond issues, the extension of financing facilities governed by special laws, and the sale and purchase of corporate credit (factoring).</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bancopopolare.it">http://www.bancopopolare.it</a></p>	Issued in the normal course of its business.
Banco Popular Espanol SA	Jóse Ortega y Gasset, 29 - 28006 Madrid, Spain	Spain	<p>The Collateral Obligor attracts deposits and offers commercial banking services. The Collateral Obligor offers consumer loans, mortgage loans, asset management and factoring services, mutual funds, pension plans, life insurance, venture capital, and real estate loans. The Obligor has regional subsidiaries in Spain, Portugal, and Florida.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the AIAF and Madrid Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bancopopular.es">http://www.bancopopular.es</a></p>	Issued in the normal course of its business.
Banco Santander SA	Paseo de Pereda, 9-12 39004 Santander	Spain	The Collateral Obligor attracts deposits and offers retail, commercial and private banking, and asset management services. The Collateral Obligor offers consumer credit, mortgage loans, lease financing, factoring, mutual	Issued in the normal course of its business.

	Spain		<p>funds, pension funds, insurance, commercial credit, investment banking services, structured finance, and advice on mergers and acquisitions.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Continuous Market (Madrid) Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.santander.com/">http://www.santander.com/</a></p>	
Banco Santander Totta SA	Rua do Ouro, 88 – 1100-061 , Lisbon, Portugal	Portugal	<p>The Collateral Obligor attracts deposits and offers commercial, retail and investment banking services. The Collateral Obligor offers savings accounts, portfolio management services, real estate credit, factoring, lease financing, and money market and capital market services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Lisbon Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.totta.pt">http://www.totta.pt</a></p>	Issued in the normal course of its business.
Bankinter SA	Paseo de la Castellana, no. 29, 28046, Madrid, Spain	Spain	<p>The Collateral Obligor provides retail and corporate banking services and financial services throughout Spain. The Obligor offers mortgage loans, pension funds, life insurance, lease financing, credit cards, mutual funds, online stock brokerage, private banking, and Internet banking services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the AIAF and Madrid Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bankinter.es">http:// www.bankinter.es</a></p>	Issued in the normal course of its business.
Banque Federative du Credit Mutuel SA	34 Rue du Wacken Strasbourg, 67002 France	France	<p>The Collateral Obligor operates as a holding company. The Collateral Obligor through its subsidiaries, provides finance, insurance, banking, debt programs, and money market activities. Banque Federative du Credit Mutuel conducts business in France.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bfcm.creditmutuel.fr">www.bfcm.creditmutuel.fr</a></p>	Issued in the normal course of its business.
Banque Populaire Occitane SAC	33-43 Avenue Georges	France	<p>The Collateral Obligor operates as a regional cooperative bank. The</p>	Issued in the normal Course

	Pompidou Balma Cedex, 31135, France		Collateral Obligor offers personal banking, mortgages and loans, insurance, retirement plans, online banking, customized offers, and business financing services. The Collateral Obligor serves individuals, professionals, and companies. The Collateral Obligor has financial instruments listed on the regulated market of the Dublin Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.occitane.banquepopulaire.fr">http://www.occitane.banquepopulaire.fr</a>	of its business
Banque PSA Finance SA	75 avenue de la Grande Armée – 75116 Paris, France	France	The Collateral Obligor provides automobile financing. It offers a range of financing services, spare parts inventories, retailing of new and used cars, loans, warranty extensions, maintenance, insurance, and related services. The Collateral Obligor serves clients and dealers internationally.  The Collateral Obligor has financial instruments listed on the regulated market of the Paris Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.banquepsafinance.com/">http://www.banquepsafinance.com/</a>	Issued in the normal course of its business.
Barclays Plc	1 Churchill Place, London, ENG E14 5HP,	United Kingdom	The Collateral Obligor is a global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management and investment management services.  The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange, London Stock Exchange and Euronext Paris exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.barclays.com">http://www.barclays.com</a>	Issued in the normal course of its business.
Belfius Funding NV	Belfius Funding N.V. Herikerbergweg 238 1101CM AMSTERDAM ZUIDOOST P.O. Box Postbus 23393 1100DW	Belgium	The Collateral Obligor formerly known as Dexia Funding Netherlands N.V., was created to enter into and provide loans, and to perform all transactions of financial nature, in order to carry on the management of, and to finance other enterprises and companies.  The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.dexia.be">http://www.dexia.be</a>	Issued in the normal course of its business

	AMSTERDAM ZUIDOOST Nederland			
BNP Paribas SA	16, Boulevard des Italiens 75009 Paris, France	France	<p>The Collateral Obligor attracts deposits and offers commercial, retail, investment, private and corporate banking services. The Collateral Obligor also provides asset management and investment advisory services to institutions and individuals in Europe, the United States, Asia and the Emerging Markets.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange, Luxembourg Stock Exchange and Euronext Paris exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bnpparibas.com">http://www.bnpparibas.com</a></p>	Issued in the normal course of its business.
BPCE SA	50 avenue Pierre Mendès France, 75201, Paris, Cedex 13, FRANCE	France	<p>The Collateral Obligor provides a full range of commercial banking services for individual customers, corporates, institutions, and local authorities. The Collateral Obligor offers banking, insurance, loans, real estate financing, asset management, private equity, investment solutions, and specialized financial services. The Collateral Obligor operates a network of branches in France.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bpce.fr">http://www.bpce.fr</a></p>	Issued in the normal course of its business.
Brisa Auto-Estradas de Portugal SA	Quinta da Torre da Aguilha – Edifício BRISA – 2785-599 S. Domingos de Rana, Lisbon , Portugal	Portugal	<p>The Collateral Obligor designs, builds, operates and maintains a system of toll highways in Portugal under a concession from the state, to expire in 2035. The Collateral Obligor also provides services such as service stations operation, auto inspections, electronic toll collection, engineering projects management, electronic equipment maintenance, and roadside assistance.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext Lisbon Stock Exchange and London Stock Exchange. Further information on the Collateral Obligor can be found on</p>	Issued in the normal course of its business.

			its website: <a href="http://www.brisa.pt">http://www.brisa.pt</a>	
Brisa - Concessao Rodoviaria SA	Quinta Da Torre Da Aguilha, Edifici Sao Domingos De Rana, 2785-599 Portugal	Portugal	<p>The Collateral Obligor was founded in 1992. The Collateral Obligor's line of business includes providing trucking terminal facilities.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext Lisbon Stock Exchange and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.brisaconcessao.pt">http://www.brisaconcessao.pt</a></p>	Issued in the normal course of its business.
Brisa Finance BV	Locatellikade 1 Amsterdam, 1076AZ Netherlands	Netherlands	<p>The Collateral Obligor is a special purpose entity formed to issue notes. The Collateral Obligor finances the business operations for Brisa Auto-Estradas de Portugal through loans or other securities.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext Lisbon Stock Exchange and London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.brisa.pt">http://www.brisa.pt</a></p>	Issued in the normal course of its business.
Caisse Centrale du Credit Immobilier de France SA	26-28 rue de Madrid Cedex 08 Paris, 75384 France	France	<p>The Collateral Obligor operates as a credit institution. The Collateral Obligor refinances loans, issues bonds, purchases financial instruments, raises short term financing, offers treasury management, and banking services. The Collateral Obligor serves customers throughout France.</p> <p>The Collateral Obligor has financial instruments listed on Borse Berlin. Further information on the Collateral Obligor can be found on its website: <a href="http://www.3cif.com/">http://www.3cif.com/</a></p>	Issued under normal course of Business
Caisse Federale du Credit Mutuel Nord Europe SAC	4 Place Richebe Lille, 59800, France	France	<p>The Collateral Obligor provides a full range of commercial banking services for individuals, professionals, and associations. The Collateral Obligor offers personal banking, insurance, real estate development, project financing, savings, retirement plans, and business solutions. The Collateral operates a network of branches in France.</p> <p>The Collateral Obligor has financial instruments listed on the Euronext Paris or Frankfurt Stock Exchange. Further information on the Collateral</p>	Issued under normal course of Business

			Obligor can be found on its website: <a href="http://www.cmne.frelis">http://www.cmne.frelis</a>	
Caixa Geral de Depositos SA	Av. João XXI, 63 – 1000-300 Lisboa, Portugal	Portugal	<p>The Collateral Obligor operates a banking network. The Collateral Obligor offers leasing, factoring, insurance, and money management operations in Portugal, Spain, France, and Brazil.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.cgd.pt">http://www.cgd.pt</a></p>	Issued in the normal course of its business.
Caja de Ahorros y Pensiones de Barcelona, SA (La Caixa)	Paseo de la Castellana 51 Madrid, 28046, Spain	Spain	<p>The Collateral Obligor attracts deposits and offers savings bank services. It holds important stakes in other banks and companies in Spain and elsewhere. The Obligor invests its profits into the Company in addition to community services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the AIAF and Barcelona Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.lacaixa.es">http:// www.lacaixa.es</a></p>	Issued in the normal course of its business.
CIC	CIC 6 Avenue de Provence Paris, 75009 France	France	<p>The Collateral Obligor is the investment bank and holding company for the CIC Group, a group of French regional banks. The Collateral Obligor sells insurance through its commercial bank network and offers a wide range of financial services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Paris and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.cic-banques.fr">http://www.cic-banques.fr</a></p>	Issued in the normal course of its business
Ciments Francais SA	Tour Ariane - Quartier Villon, 5 place de la Pyramide, 92800 Puteaux, France	France	<p>The Collateral Obligor produces cement and related construction materials such as aggregates and ready-mixed concrete. Its products are used primarily to construct buildings and highways. The Collateral Obligor operates in Europe, North Africa, the Americas, and Asia.</p> <p>The Collateral Obligor has financial instruments listed on the regulated</p>	Issued in the normal course of its business.

			market of the Paris Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.cimfra.fr/ENG">http://www.cimfra.fr/ENG</a>	
Clariant AG	Rothausstrasse 61, 4132, Muttenz, SWITZERLAND.	Switzerland	<p>The Collateral Obligor develops, produces, markets and sells specialty chemical products. The Collateral Obligor provides dyes and chemicals for the textile, leather and paper industries, pigments for the use in paints, printing inks, decorative paints, plastics, cosmetics, concentrated pigment and additive preparations for engineering plastics, spin dyeing, and packaging.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.clariant.com/corpnw/internet.nsf/directname/home2">http://www.clariant.com/corpnw/internet.nsf/directname/home2</a></p>	Issued in the normal course of its business.
Collectivites Territoriales	Direction Générale des Collectivités locales, Ministère de l'Intérieur, 1 bis, place des Saussaies, F – 75800, Paris, France	France	<p>The Collateral Obligor is the generic name for all country subdivisions that have an elected government within the French Republic. The Collateral Obligor represents 22 French regional and local governments.</p> <p>The Collateral Obligor has financial instruments listed on Euronext Paris Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.interieur.gouv.fr/le-ministere/collectivites-territoriales">www.interieur.gouv.fr/le-ministere/collectivites-territoriales</a></p>	Issued under normal course of Business
Compagnie de Financement Foncier (“CFF”)	19, rue des Capucines, 75001 Paris	France	<p>The Collateral Obligor is a limited liability company organized under the laws of the Republic of France. It is licensed as a specialized credit institution known as a “financial company,” which is one of six types of credit institutions recognized and regulated under French banking law. It is also licensed by the Prudential Control Authority (into which the Credit Institutions and Investment Companies Committee (Comité des Etablissements de Crédit et des Entreprises d’Investissements) was merged in March 2010) as a Société de Crédit Foncier, which is a restricted category of financial company with a specific purpose.</p> <p>The sole permitted business of a Société de Crédit Foncier, and therefore of CFF, is to provide financing to the housing and public sectors in France and</p>	Issued in the normal course of its business.

			<p>to a number of other developed countries. The Company finances its business principally by the issuance of obligations foncières and other forms of privileged debt benefiting from a legal priority in right of payment. Under the French regulatory framework, CFF may only make or acquire mortgage loans (which include loans incurred to acquire real property and secured by a mortgage or, in certain limited circumstances, other high-quality credit support), extend financing to public sector entities by making public sector loans or acquiring public sector obligations, and/or acquire debt securities backed by mortgage loans or public sector obligations. The Company is also permitted to invest in certain highly liquid cash-like securities, instruments, deposits and loans. However, CFF may not hold equity participations or other forms of equity interest.</p> <p>Holders of obligations foncières issued by CFF benefit from a legal priority in right of payment called the Privilège on all assets and cash flows of CFF. Pursuant to French law, no creditors of a Société de Crédit Foncier, and therefore of CFF, except for the holders of its obligations foncières and other privileged liabilities, can claim cash flows generated by its asset portfolio until CFF's obligations in respect of its privileged liabilities are discharged in full.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext-Paris Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.foncier.fr">http://www.foncier.fr</a></p>	
Comunidad Autónoma de Canarias	Plaza Dr. Rafael O'Shanahan Nro 1 Las Palmas De Gran Canaria, 35071 Spain	Spain	<p>The Collateral Obligor is an archipelago, which forms one of the Autonomous Communities in Spain. The Autonomous Community is located just off the Northwest coast of mainland Africa, 100 km west of the disputed border between Morocco and the Western Sahara. The Collateral Obligor's economy is based primarily on tourism.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Madrid Stock Exchange, Frankfurt Stock Exchange and AIAF. Further information on the Collateral Obligor can be found on its</p>	Obligaciones are issued pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 10/1982, of 10 August, approving the Statute of Autonomy of

			website: <a href="http://www.gobcan.es">http:// www.gobcan.es</a>	Canarias; and Law 11/2006, of 11 December, concerning the Treasury of Canarias.
Comunidad de Madrid	Comunidad de Madrid , Plaza Chamberi 8,28010 Madrid, Spain	Spain	<p>The Collateral Obligor is one of the seventeen autonomous regions in Spain, and provides basic regional-governmental services. The Collateral Obligor receives a percent of personal-income tax, Value Added Tax (VAT), and other taxes collected by the national government, in addition to other regional taxes. Madrid is located in central Spain, and is the capital of Spain.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Madrid Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.madrid.org/">http://www.madrid.org/</a></p>	Obligaciones are issued pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 3/1983, of 25 February, approving the Statute of Autonomy of the Madrid Autonomous Community; and Act 9/1990, of 8 November, regulating the Treasury of the Madrid Autonomous Community.
Comunidad Foral De Navarra	Government of Navarre, Carlos III, 2 – 31002 Pamplona, Spain	Spain	<p>The Collateral Obligor is an autonomous community of Navarre and hence forms a part of the group of Spanish autonomous communities registering the highest indicators of social wellbeing: health care, household furnishings, cultural promotion and leisure. Navarre’s main assets are its balanced productive structure, its excellent geographical situation, its high degree of openness to the outside world and its tax autonomy.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the CADE - Mercado de Deuda Publica Anotada. Further information on the Collateral Obligor can be found on its website: <a href="http://www.navarra.es">http://www.navarra.es</a></p>	Obligaciones are issued pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 13/1982, 10 August, of the Statute of Autonomy of Navarra, and Law 13/2007 of 4 April, concerning the Treasury of Navarre.

Credit Agricole Corporate & Investment Bank SA	9 Quai du President Paul Doume, Paris, 92920 ,France	France	<p>The Collateral Obligor provides a full range of capital markets, investment, and corporate banking services. The Collateral Obligor offers fixed income markets, equity brokerage, derivatives, cash management, guarantees, trade facilities, and structured finance solutions. The Collateral Obligor operates a network of branches worldwide.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.ca-cib.fr">http://www.ca-cib.fr</a></p>	Issued in the normal course of its business.
Credit Agricole SA	91-93 Blvd. Pasteur, Paris, 75015,France	France	<p>The Collateral Obligor is the lead bank of the Credit Agricole Group. The Collateral Obligor acts as the central bank of the Credit Agricole Group, coordinates its sales and marketing strategy and ensures the liquidity &amp; solvency of each of the Caisses Regionales. The Collateral Obligor, through its subsidiaries, designs and manages specialized financial products that are distributed primarily by the Caisses Regionales.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.credit-agricole-sa.fr">http://www.credit-agricole-sa.fr</a></p>	Issued in the normal course of its business.
Delhaize Group	DELHAIZE GROUP Square Marie Curie 40 Brussels, 1070 Belgium	Belgium	<p>The Collateral Obligor operates supermarkets, drugstores, discount stores, and health and beauty shops throughout Belgium and abroad. The stores operate under the names Food Lion, MegaImage, AB Mega, Delvita, Tom &amp; Company, SuperIndo, Le Lion, A.D. Delhaize, Superettes Delhaize, Di, Caddy-Home, P.G., Alfa-Beta, Super Discount Markets, Kash N' Karry, Hannaford, Shop N' Go, and Proxy Delhaize.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Brussels Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.delhaizegroup.com">http://www.delhaizegroup.com</a></p>	Issued in the normal course of its business

DEPFA ACS BANK	1 Commons Street, Dublin 1, Ireland	Ireland	<p>The Collateral Obligor is a public unlimited company wholly owned by DEPFA BANK, the Primary purpose of which is to provide funding to the Group by issuing Asset Covered Securities in accordance with the ACS Act. Depfa was incorporated with registered number 354382 in Ireland on 13 March 2002 as a public limited company under the Irish Companies Act, 1963 as amended under the name of DePfa ACS plc. It was subsequently re-registered as a public unlimited company and changed its name to DEPFA ACS BANK.</p> <p>Depfa has a banking licence issued under the Irish Central Bank Act, 1971 (as amended) and is supervised by the Financial Regulator. It also has the status of a designated public credit institution under the ACS Act which authorises it to issue Asset Covered Securities in accordance with the ACS Act.</p> <p>The primary object of DEPFA ACS as set out in clause 3 of its Memorandum of Association is to carry on the permitted activities of a designated public credit institution or formerly designated public credit institution as provided for in the ACS Act.</p> <p>DEPFA ACS has no subsidiaries or subsidiary undertakings.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Dublin Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.depfa.com">http://www.depfa.com</a></p>	Issued in the normal course of its business.
Deutsche Bank Aktiengesellschaft	Taunusanlage 12 60325 Frankfurt am Main Germany	Germany	<p>The Collateral Obligor is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies.</p> <p>The Collateral Obligor has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Milan, Sydney, Tokyo, Madrid, Lisbon and an Asia-Pacific</p>	Issued in the normal course of its business.

			<p>Head Office in Singapore which serve as hubs for its operations in the respective regions.</p> <p>The objects of Collateral Obligor, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The Collateral Obligor may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Collateral Obligor is entitled to transact all business and to take all steps which appear likely to promote the objectives of the Collateral Obligor, in particular: to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.db.com/">http://www.db.com/</a></p>	
EDP Finance BV	Strawinskylaan 3105 Amsterdam, 1077ZX ,Netherlands	Netherlands	<p>The Collateral Obligor issues debt to raise capital for its parent company, Energias de Portugal S.A. The Collateral Obligor is incorporated in the Netherlands.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext Lisbon Stock Exchange and London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.edp.pt">http://www.edp.pt</a></p>	Issued in the normal course of its business.
Enel Finance International NV	Herengracht 471, 1017 BS Amsterdam, The Netherlands	Netherlands	<p>The Collateral Obligor operates as a holding company for equity investments and other financial assets.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Dublin Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.enel.it">http://www.enel.it</a></p>	Issued in the normal course of its business

Enel SpA	Viale Regina, Margherita 137, 00198 Rome, Italy	Italy	<p>The Collateral Obligor generates, transmits, distributes, and trades electricity. The Collateral Obligor operates hydroelectric, geothermal, and other generating plants. The Collateral Obligor, through subsidiaries, also provides fixed-line and mobile telephone services, installs public lighting systems, and operates real estate, factoring, insurance, telecommunications, and Internet service provider businesses.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Dublin Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.enel.it">http://www.enel.it</a></p>	Issued in the normal course of its business
Energias de Portugal SA	Praça Marquês de Pombal,12 1250-162 Lisboa , Portugal	Portugal	<p>The Collateral Obligor generates, supplies and distributes electricity and the supply of gas in Portugal and Spain. Through subsidiaries, the Collateral Obligor is involved with electricity distribution, generation and supply in Brazil, and wind power promotion, construction and operations in Spain, Portugal, France and Belgium.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext Lisbon Stock Exchange and London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.edp.pt">http://www.edp.pt</a></p>	Issued in the normal course of its business.
Erste Europaeische Pfandbriefe und Kommunalkreditbank AG	25, rue Edward Steichen, Luxembourg, L-2540, Luxembourg	Luxembourg	<p>The Collateral Obligor offers public sector and property lending. The Collateral Obligor offers issues pfandbriefe, bonds collateralized either by public-sector loans or mortgages. The Collateral Obligor lends to states, countries, local authorities and institutions under public law within the EU or within the Organisation for Economic Cooperation and Development.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.eepk.lu">www.eepk.lu</a></p>	Issued under normal course of Business
E. ON AG	E.ON-Platz 1 40479 Düsseldorf, Germany	Germany	<p>The Collateral Obligor operates in power generation and gas production businesses. The Collateral Obligor's operations include electric generation at conventional, nuclear, and renewable-source facilities; electric</p>	Issued in the normal course of its business

			<p>transmission via high-voltage wires network; regional distribution of electricity, gas, and heat; power trading and electricity, gas, and heat sales.</p> <p>Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.eon.com">http://www.eon.com</a></p>	
E.ON International Finance BV	Capelseweg 400 3068 AX Rotterdam, Netherlands	Netherlands	<p>The Collateral Obligor issues corporate debt. The Collateral Obligor issues bonds, promissory notes, and other debt instruments guaranteed by E.ON AG.</p> <p>Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.eon.com">http://www.eon.com</a></p>	Issued in the normal course of its business
European Investment Bank	98-100 Blvd Konrad Adenauer, Luxembourg, 2950, Luxembourg	Luxembourg	<p>The object of the Collateral Obligor is to be the EU's project financing arm incorporated through the EU Treaty (1958). It is 100% owned and unconditionally supported from the 27 EU Governments and operates as an autonomous institution on a self-sustaining, non-profit maximising basis.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.eib.org">http://www.eib.org</a></p>	Issued in the normal course of its business.
Federal Republic of Germany	Bundesrepublik Deutschland - Finanzagentur GmbH Lurgiallee 5 60439 Frankfurt/Main Germany	Germany	<p>The Collateral Obligor is a sovereign country located in west-central Europe with Denmark bordering to the north, Poland and the Czech Republic to the east, Austria and Switzerland to the south, France and Luxembourg to the southwest, and Belgium and the Netherlands to the northwest.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.bundesregierung.de/Webs/Breg/EN/Homepage/_node.html">http://www.bundesregierung.de/Webs/Breg/EN/Homepage/_node.html</a></p>	Issued by auction through the Auction Group Bund Issues ( <i>Bietergruppe Bundesemissionen</i> ). Such auctions are governed by the "Auction rules for the issue of Federal bonds, five-year Federal notes, Federal Treasury notes and Treasury discount paper of the German Government". For the total amount of each

				<p>issue, a collective debt register claim for Clearstream Banking AG Frankfurt will be entered in the Federal debt register (book-entry securities). The creditors of German government securities receive co-ownership rights in the collective debt register claim entered in the Federal debt register. The creation of an individual debt register claim is excluded by the issuance terms and conditions. No certificates will be issued throughout the time up to maturity.</p>
Fiat Finance & Trade SA	24 Boulevard Royal, Luxembourg, L-2449 Luxembourg	Luxembourg	<p>Collateral Obligor provides central treasury services for the Fiat Group. The Collateral Obligor holds participations in other companies and offers financing for companies in the Fiat Group.</p> <p>Collateral Obligor has financial instruments listed on the regulated market of the Dublin Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.fiat.com">http://www.fiat.com</a></p>	Issued in the normal course of its business
Fiat SpA	250 Via Nizza, Turin (Italy)	Italy	<p>The Collateral Obligor manufactures and markets automobiles, commercial vehicles, and agricultural and construction equipment. The Company also produces metallurgical products and production systems for the automobile industry, and owns publishing and insurance companies.</p> <p>The Collateral Obligor has financial instruments listed on the regulated</p>	Issued in the normal course of its business.

			market of the Borsa Italiana SpA. Further information on the Collateral Obligor can be found on its website: <a href="http://www.fiatspa.com/en-US/Pages/Home.aspx">http://www.fiatspa.com/en-US/Pages/Home.aspx</a>	
Finmeccanica Finance S.A.	[31, Boulevard du Prince Henri L-1724 Luxembourg]	Luxembourg	<p>The Collateral Obligor is a wholly owned subsidiary of Finmeccanica SpA and offers capital raising and lending and financial support services. Finmeccanica SpA is Italy's leading industrial group in the high technology sector and ranks among the top ten global players in aerospace, defence and security. Finmeccanica SpA is Europe's leading defence systems company and is well positioned at international level, and has a strong presence in the space sector, where it has the leadership in the satellite services market.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.finmeccanica.com/Corporate/EN/Corporate/Il_Gruppo/Profilo/index.sdo">http://www.finmeccanica.com/Corporate/EN/Corporate/Il_Gruppo/Profilo/index.sdo</a></p>	Issued in the normal course of its business
Finmeccanica SpA	[Piazza Monte Grappa n. 4, 00195 Roma]	Italy	<p>The Collateral Obligor is Italy's leading industrial group in the high technology sector and ranks among the top ten global players in aerospace, defence and security. The Collateral Obligor is Europe's leading defence systems company and is well positioned at international level, and has a strong presence in the space sector, where it has the leadership in the satellite services market.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA. Further information on the Collateral Obligor can be found on its website: <a href="http://www.finmeccanica.com/Corporate/EN/Corporate/Il_Gruppo/Profilo/index.sdo">http://www.finmeccanica.com/Corporate/EN/Corporate/Il_Gruppo/Profilo/index.sdo</a></p>	Issued in the normal course of its business
Fondo de Amortizacion del Deficit Electrico	69, calle Orense Madrid Spain	Spain	The Collateral Obligor is an asset securitization fund. The Collateral Obligor issues bonds that securitize tariff deficit receivables.	Issued pursuant to Law 54/1997, as amended, Royal Decree 437/2012, as

(FADE)			The Collateral Obligor has financial instruments listed on the regulated market of the Berlin and AIAF Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.fade-fund.com">http://www.fade-fund.com</a>	amended and Royal Decree 926/1998, as amended, and the relevant Spanish regulations
Fondo de Reestructuración Ordenada Bancaria		Spain	The Collateral Obligor is a Spanish government agency. The Collateral Obligor's services include bank restructuring services and credit institution equity reinforcement.  The Collateral Obligor has financial instruments listed on the regulated market of the Madrid and AIAF Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.frob.es">http://www.frob.es</a>	Issued in the normal course of its business
Fortis Bank SA/NV	FORTIS BANQUE - BANK – AUC Montagne du Parc 3 Brussels, B-1180 Belgium	Belgium	The Collateral Obligor provides a range of financial products and services. The Company operates in retail banking, asset management, private banking and merchant banking.  The Collateral Obligor has financial instruments listed on the regulated market of the Brussels Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.fortisbank.be">http://www.fortisbank.be</a>	Issued in the normal course of its business
Franz Haniel & Cie GmbH	Franz-Haniel-Platz 1, 47119 Duisburg, Germany	Germany	The Collateral Obligor operates as a holding company. Through various subsidiaries the Collateral Obligor offers fire, water, and storm damage repair services, pharmaceuticals, recycling of stainless steel, concrete and bricks, cleans work clothes, washroom supplies, and office, plants, and warehouse machinery. The Collateral Obligor operates worldwide.  The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.haniel.de/content?NavigationTarget=navurl://dbc6da2838054cab2382e9e66cec2073">http://www.haniel.de/content?NavigationTarget=navurl://dbc6da2838054cab2382e9e66cec2073</a>	Issued in the normal course of its business.
French Republic	Palais de l'Elysee 55 Rue du Faubourg St	France	The Collateral Obligor is a sovereign country which is located in Western Europe, bordering the Bay of Biscay and the English Channel, between Belgium and Spain, southeast of the United Kingdom, bordering the	Issued by an Order (Arrêté) of the French Minister of the Economy and Finance

	Honore Paris, 75008 France		<p>Mediterranean Sea, between Italy and Spain.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext-Paris Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.gouvernement.fr/">http://www.gouvernement.fr/</a></p>	(Ministre de l'économie et des finances)
Galp Energia, SGPS SA	Rua Tomás da Fonseca Torre C, 1600-209 , Lisbon, Portugal	Portugal	<p>The Collateral Obligor is an integrated energy company with diversified activities Worldwide. The Collateral Obligor is focused in the prolific South Atlantic area, including Brazil's pre-salt Santos basin and the Angolan offshore, and in the world class Rovuma basin in Mozambique. Downstream activities are centred in Iberia and comprise the Refining &amp; Marketing and the Gas &amp; Power businesses.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the NYSE Euronext Lisbon Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.galpennergia.com">http://www.galpennergia.com</a></p>	Issued in the normal course of its business
Gazprom OAO	16 Nametkina St., NA02 MOSCOW 117997	Russia	<p>The Collateral Obligor operates gas pipeline systems, produces and explores gas, and transports high pressure gas in the Russian Federation and European countries. The Collateral Obligor is also engaged in oil production, oil refining, gas storage, and electric and heat energy generation.</p> <p>Collateral Obligor has financial instruments listed on the regulated market of the Dublin Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.gazprom.com">http://www.gazprom.com</a></p>	Issued in the normal course of its business
Generalitat De Catalunya	Sant Honorat, 1-3 Palau de la Generalista Barcelona, 08003 Spain	Spain	<p>The Collateral Obligor also known as Autonomous Community of Catalonia is one of the seventeen autonomous regions in Spain. The Community provides basic regional-governmental services. Catalonia is located in northeast Spain.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Barcelona Stock Exchange. Further information on the</p>	Obligaciones are issued pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish

			Collateral Obligor can be found on its website: <a href="http://www.gencat.net">http:// www.gencat.net</a>	Organic Act 6/2006, of 19 July, reforming the Autonomous Statute of Catalonia; Consolidated Public Finance Act of Catalonia approved by Legislative Decree 3/2002, of 24 December.
Generalitat De Valencia	C. Gregorio Gea, 27 – 46009 , Spain	Spain	<p>The Collateral Obligor is the generic name covering the different self government institutions under which the Spanish autonomous community of Valencia is politically organised. It consists of the Corts Valencianes (or autonomous Parliament), the President of the Generalitat, and the autonomous government itself (or Consell). Its functions are regulated by the Valencian Statute of Autonomy.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Valencia Stock Exchange and Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.gva.es">http:// www.gva.es</a></p>	Obligaciones are issued pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 5/1982, of 1 July, approving the Statute of Autonomy of the Comunidad Valenciana; and Legislative-Decree of 26 June 1991 approving the Generalitat Valenciana’s Treasury Act.
HeidelbergCement AG	Berliner Str 6, 69120, Heidelberg, GERMANY.	Germany	<p>The Collateral Obligor produces and markets aggregates. It also manufactures building materials including cement and concrete in Europe, North America, Asia, Australia and Africa.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.heidelbergcement.com/global/en/company/home.htm">http://www.heidelbergcement.com/global/en/company/home.htm</a></p>	Issued in the normal course of its business.
HSBC Bank Plc	8 Canada Square	United	The Collateral Obligor is a banking and financial services group. The	Issued in the normal course

	London E14 5HQ	Kingdom	<p>Collateral Obligor offers a full range of banking products and financial services, including personal and business banking as well as corporate and institutional banking and Internet banking services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.hsbc.co.uk">http://www.hsbc.co.uk</a></p>	of its business.
HSBC Holdings Plc	8 Canada Square London E14 5HQ	United Kingdom	<p>The Collateral Obligor is the holding company for the HSBC Group. The Collateral Obligor provides a variety of international banking and financial services, including retail and corporate banking, trade, trusteeship, securities, custody, capital markets, treasury, private and investment banking, and insurance. The HSBC Group operates worldwide.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.hsbc.com">http://www.hsbc.com</a></p>	Issued in the normal course of its business.
Hypo Pfandbrief Bank International S.A.	4, rue Alphonse Weicker Luxembourg, L-2099, Luxembourg	Luxembourg	<p>The Collateral Obligor operates as a mortgage credit bank. The Bank finances governmental and government-related borrowers. The Collateral Obligor serves customers in Luxembourg.</p> <p>The Collateral Obligor has financial instruments listed on the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.hyporealestate.com">www.hyporealestate.com</a></p>	Issued under normal course of Business
Hypotheckenbank Frankfurt International S.A	5, rue Heienhaff (Airport Center), 1736 SENNINGERBERG. LUXEMBOURG	Luxembourg	<p>The Collateral Obligor was incorporated in Luxembourg as a “société anonyme” on 24 April 1989, with the name “Europäische Hypotheckenbank der Deutschen Bank”. The articles of incorporation are published in the Mémorial C, Recueil des Sociétés et Associations, Nr. 200 of 20 July 1989.</p> <p>The object of the Collateral Obligor is to conduct all business which a Pfandbrief bank is allowed to conduct pursuant to the law of 5 April 1993 on the financial sector, as amended (Loi du 5 avril 1993 sur le secteur financier, telle que modifiée). Since September 1999, the Collateral Obligor is in possession of a specialized banking license pursuant to the</p>	Issued in the normal course of its business.

			<p>Luxembourg law concerning mortgage banks dated November 21, 1997, which became part of the law of 5 April 1993 as Art. 12-1 to Art. 12.-9. As a result of that, it is authorized to issue Pfandbriefe (Lettres de Gage) according to Luxembourg law in order to refinance its lending activities which are possible as mortgage secured lending or public sector secured lending as well as lending secured by movable assets as main business and to do related and ancillary business. Before September 1999 it had a licence for general banking business.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.eurohypo.lu">http://www.eurohypo.lu</a></p>	
ING Groep NV	Amstelveenseweg 500 (ING House), 1081 KL Amsterdam, the Netherlands	Netherlands	<p>The Collateral Obligor provides financial services to individuals, corporations, and other institutions. The Collateral Obligor offers retail banking, direct banking, commercial banking, investment banking, asset and portfolio management, insurance services, private banking services, and treasury services. The Collateral Obligor provides its services throughout the Netherlands.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Amsterdam Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.ing.com">http://www.ing.com</a></p>	Issued in the normal course of its business.
Instituto de Credito Oficial	Instituto de Crédito Oficial - Paseo del Prado, 4-28014 Madrid, Spain	Spain	<p>The Collateral Obligor provides financing services. The Collateral Obligor offers financing for small, medium, large enterprises, enterprise creation, technological innovation, renewable energy resources, housing, film exhibiting and film making, foreign aid, and very small enterprises.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.ico.es/">http://www.ico.es/</a></p>	Obligaciones are issued pursuant to Royal Decree 706/1999, of 30 April, related to the adaptation of the Instituto de Crédito Oficial and to Law 6/1997, of 14 April, related to the Organisation and Operation of the State General Administration.

Intesa Sanpaolo	Piazza San Carlo, 156 10121 Torino, Italy	Italy	<p>The Collateral Obligor attracts deposits and offers banking and financial services. The Collateral Obligor offers consumer credit, asset management, Internet banking, merchant banking, securities brokerage, factoring, and lease financing services, and manages mutual funds. The Collateral Obligor operates branches throughout Italy, and offices elsewhere in Europe, Asia, and the United States.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA. Further information on the Collateral Obligor can be found on its website: <a href="http://www.intesasanpaolo.com">http://www.intesasanpaolo.com</a></p>	Issued in the normal course of its business.
Italian Republic	SENATO DELLA REPUBBLICA Piazza Madama 00186 – Roma Italy	Italy	<p>The Collateral Obligor is a sovereign country in South-Central Europe. To the north, it borders France, Switzerland, Austria, and Slovenia along the Alps. To the south, it consists of the entirety of the Italian Peninsula, Sicily, Sardinia and many other smaller islands.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana. Further information on the Collateral Obligor can be found on its website: <a href="http://www.senato.it/index.htm">http://www.senato.it/index.htm</a></p>	Issued pursuant to a decree of the Italian Ministry of Finance or under its programme for the issuance of debt securities.
Junta Comunidades de Castilla-La Mancha	Palacio de Fuensalida , Plaza del Conde 5,45071 Toledo, Spain	Spain	<p>The Collateral Obligor is the local government of Spain's Autonomous community of Castilla-La Mancha.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Madrid Stock Exchange, Luxembourg Stock Exchange and AIAF. Further information on the Collateral Obligor can be found on its website: <a href="http://www.castillalamancha.es">http:// www.castillalamancha.es</a></p>	Obligaciones are issued pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 9/1982, of 10 August, approving the Statute of Autonomy of Castilla La Mancha; and Legislative Decree 1/2002, of 19 November approving the consolidated text of the Treasury Act of Castilla la

				Mancha.
Junta de Andalucia	Palacio de San Telmo, Avenue Rome , s/n 41071 , Seville, Spain	Spain	<p>The Collateral obligor operates as the Andalucia Autonomous Government of Spain. It is an autonomous community organization, comprising 14 departments, seven independent bodies, and 210,000 public employees. The Collateral Obligor is responsible for the economic growth of Andalucia, which is primarily comprised of agriculture and the service sectors.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Madrid Stock Exchange, Frankfurt Stock Exchange and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.juntadeandalucia.es/">http:// www.juntadeandalucia.es/</a></p>	Obligaciones are issued pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 27/2007, of 19 March, reforming the Autonomous Statute of Andalucía; and Legislative Decree 1/2010, of 2 March, approving the consolidated text of the Treasury Act of Andalucía.
KBC Bank NV	2 Havenlaan Brussels, 1080 Belgium	Belgium	<p>The Collateral Obligor operates as a full service commercial bank. The Collateral Obligor offers deposit, savings, loans, investment, and other financial services to private and commercial customers throughout Belgium.</p> <p>Collateral Obligor has financial instruments listed on the regulated market of the Dusseldorf Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.kbc.com">http://www.kbc.com</a></p>	Issued in the normal course of its business
KBC Groep NV	KBC GROEP NV Havenlaan 2 Brussels, 1080 Belgium	Belgium	<p>The Collateral Obligor attracts deposits and offers banking and insurance services. The Collateral Obligor offers mortgage and consumer loans, project financing, lease financing and factoring, and life, health, commercial, automobile, liability, industrial accident, and occupational insurance, and manages investment funds.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Brussels Stock Exchange. Further information on the</p>	Issued in the normal course of its business

			Collateral Obligor can be found on its website: <a href="http://www.kbc.be">www.kbc.be</a>	
KBC Internationale Financieringsmaatschappij N.V.	Watermanweg 92 Rotterdam, 3067 GG Netherlands	Netherlands	The Collateral Obligor was incorporated in 1982 and is based in Rotterdam, the Netherlands. The company operates as a subsidiary of KBC Bank NV.  Collateral Obligor has financial instruments listed on the regulated market of the Dusseldorf Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.kbc.com">http://www.kbc.com</a>	Issued in the normal course of its business
Kingdom of Belgium	c/o Federal Public Service Finance Treasury – Debt Agency Kunstlaan 30, Avenue des Arts B-1040 Brussels Belgium	Belgium	The Collateral Obligor is a sovereign country which is located in Western Europe, bordering the English Channel, between the Netherlands, Luxembourg, Germany and France, southeast of the United Kingdom.  The Collateral Obligor has financial instruments listed on the regulated market of the Euronext-Brussels Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.belgium.be/en/">http://www.belgium.be/en/</a>	Issued pursuant to the law of 2 January 1991 on the Public Debt Securities Market and Instruments of Monetary Policy, a Royal Decree dated 16 October 1997 on linear bonds, a decree of the Minister of Finance of the Kingdom dated 12 December 2000 on general rules applicable to linear bonds and, for each particular issue of Collateral, a decree of the Minister of Finance of the Kingdom relating to such issue and, for each such issue taking place in 2012, the Belgian Budget Law of 16 February 2012 for budget year 2012 and the Belgian Royal Decree of 11 January 2012 authorising the Minister of Finance to

				continue, in 2012, the issuance of debt denominated “OLOs”, the issuance of debt denominated “State notes” and also “Euro Medium Term Notes”.
Kingdom of Spain	Ministerio De Economia, Paseo Del Prado 6, Madrid 28014, Spain	Spain	<p>The Collateral Obligor is a sovereign country in Southwestern Europe, on the Iberian Peninsula. Its mainland is bordered to the south and east by the Mediterranean Sea except for a small land boundary with the British Overseas Territory of Gibraltar; to the north and north east by France, Andorra, and the Bay of Biscay; and to the northwest and west by the Atlantic Ocean and Portugal.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Bolsa de Madrid. Further information on the Collateral Obligor can be found on its website: <a href="http://www.tesoro.es/en/index.asp">http://www.tesoro.es/en/index.asp</a></p>	Issued pursuant to General Budgetary Law and Organic Law 2/2012, 27 April 2012, on Budgetary Stability and Financial Sustainability, subject to and in accordance with the provisions of The State General Budget Law for the relevant year.
Lafarge SA	61, rue des Belles Feuilles, 75 116 Paris, France	France	<p>The Collateral Obligor supplies a wide range of building materials to contractors, wholesalers, and manufacturers. It produces cement, aggregates and concrete and gypsum products. The Collateral Obligor markets its products in Europe, Africa, Asia, North America, and Latin America.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Paris Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.lafarge.com/wps/portal/1-Groupe">http://www.lafarge.com/wps/portal/1-Groupe</a></p>	Issued in the normal course of its business.
Lloyds Banking Group PLC	The Mound Edinburgh EH1 1YZ	United Kingdom	The Collateral Obligor through subsidiaries and associated companies, offers a range of banking and financial services. The Collateral Obligor provides retail banking, mortgages, pensions, asset management, insurance services, corporate banking, and treasury services.	Issued in the normal course of its business.

			The Collateral Obligor has financial instruments listed on the regulated market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.lloydsbankinggroup.com">http://www.lloydsbankinggroup.com</a>	
Morgan Stanley	1585 Broadway, New York, NY 10036-8293, United States of America	United States of America	<p>The Collateral Obligor is a bank holding company, provides diversified financial services on a worldwide basis. The Collateral Obligor operates a global securities business which serves individual and institutional investors and investment banking clients. The Collateral Obligor also operates a global asset management business.</p> <p>The Collateral Obligor has financial instruments listed on the London and New York Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.morganstanley.com">http://www.morganstanley.com</a></p>	Issued under normal course of Business
Nomura Bank International plc	Nomura House, 1 St Martin's-le-Grand, London EC1A 4NP	United Kingdom	Nomura Bank International PLC provides a range of banking and financial services. The Company's services include issuing guaranteed credit and equity linked notes and certificates, sub-participations and structured loans, including bridge and warehouse financing; and purchase of structured credit assets and structured loans as well as traditional banking products.	Issued in normal course of business
Nordea Bank AB	S53, SE-105 71, Stockholm, Sweden	Sweden	<p>Nordea Bank AB is a financial services group that provides banking services, financial solutions, and related advisory services. The Group attracts deposits and offers credit, investment banking, securities trading, and insurance products to private individuals, companies, institutions, and the public sector. Nordea services the Scandinavian countries and the Baltic Sea region.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Stockholm Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.nordea.com">http://www.nordea.com</a></p>	Issued in the normal course of its business.
Peugeot SA	75 avenue de la Grande Armée – 75116 Paris, France	France	The Collateral Obligor manufactures automobiles and light commercial vehicles. The Collateral Obligor, through subsidiaries, also manufactures automobile components and motorcycles, and provides logistics and	Issued in the normal course of its business.

			<p>financing services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Paris Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.psa-peugeot-citroen.com/en/the-group">http://www.psa-peugeot-citroen.com/en/the-group</a>.</p>	
Portugal Telecom International Finance BV	Herikerbergweg 238 1101 CM Amsterdam Zuidoost	Netherlands	<p>The Collateral obligor is a direct, wholly-owned subsidiary of Portugal Telecom SGPS SA. The Collateral Obligor is a special purpose finance company for the Portugal Telecom group. The Collateral Obligor's main activities consist of holding and financing of group entities.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext Lisbon Stock Exchange and London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.telecom.pt">http://www.telecom.pt</a></p>	Issued in the normal course of its business.
Portugal Telecom SGPS SA	Avenida Fontes Pereira de Melo, 40, Lisboa, Portugal	Portugal	<p>The Collateral Obligor offers telecommunications services in Portugal. The Collateral Obligor offers domestic, long distance, and international telephone, mobile telephone, paging, Internet access, and data communications services. The Collateral Obligor distributes television programming over the Internet and offers some of its services in Brazil, Africa, and Asia.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext Lisbon Stock Exchange and London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.telecom.pt">http://www.telecom.pt</a></p>	Issued in the normal course of its business.
Portuguese Republic	IGCP, Av. da República, 57 - 6º 1050 - 189 Lisboa PORTUGAL	Portugal	<p>The Collateral Obligor is a sovereign country in Southwestern Europe, on the Iberian Peninsula. It is bordered by the Atlantic Ocean to the West and South and by Spain to the North and East.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Special Market for Public Debt (MEDIP) in Portugal. Further information on the Collateral Obligor can be found on its website:</p>	Issued pursuant to the Portuguese Debt Framework Law (Law no. 7/98, dated of 3 February, as amended by article 81 of the Law no. 87-B/98, dated of

			<a href="http://www.portugal.gov.pt/en.aspx">http://www.portugal.gov.pt/en.aspx</a>	31 December), the relevant Annual Budget Law and the relevant Resolution of the Council of Ministers.
Provident Financial PLC	No 1 Godwin Street West Yorkshire Bradford, BD1 2SU UK	UK	<p>The Collateral Obligor is a financial services group specialising in the provision of personal credit products for consumers in the UK non standard lending market.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the LSE. Further information on the Collateral Obligor can be found on its website: <a href="http://www.providentfinancial.com">www.providentfinancial.com</a></p>	Issued under normal course of Business
PT Comunicacoes SA	Rua Andrade Corvo 6 Lisbon, 1050-009 Portugal	Portugal	<p>The Collateral Obligor provides telecommunication services. The Collateral Obligor offers fixed network services, data communication, broadcasting, video conferencing, and broadband solutions. The Collateral Obligor serves its customers throughout Portugal.</p> <p>The Collateral Obligor has no financial instruments. Further information on the Collateral Obligor can be found on its website: <a href="http://www.ptcom.pt">http://www.ptcom.pt</a></p>	Issued under normal course of Business
RCI Banque SA	14, avenue du Pavé-Neuf  93168 Noisy-le-Grand Cedex, France	France	<p>RCI Banque SA provides automobile financing services. The Company offers loans, insurance, repair warranty, lease financing, refinancing, savings, credit with buyback, and customized financial services. RCI Banque serves individuals, retail, corporate, and networks worldwide.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Paris Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.rcibanque.com/english/groupe.php">http://www.rcibanque.com/english/groupe.php</a></p>	Issued in the normal course of its business.
Redes Energéticas Nacionais SGPS, S.A.	Avenida dos Estados Unidos da América, 55 1749-061 LISBOA - Portugal	Portugal	The Collateral Obligor is a Portuguese energy sector company which is the current concession holder of the country's two main energy infrastructure networks: the National Electricity Transmission Grid (RNT) and the National Natural Gas Transportation Grid (RNTGN). The Collateral Obligor is responsible for the planning, construction, operation,	Issued in the normal Course of its business

			<p>maintenance and global technical management of both these grids and associated infrastructures. The Collateral Obligor's stated mission is to provide a guarantee of an uninterrupted and stable supply of energy while ensuring equal rights of grid access to the remaining participants in the energy market, including consumers, generators and distributors.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Euronext Lisbon stock exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.ren.pt/">http://www.ren.pt/</a></p>	
Renault SA	13-15, Quai Le Gallo, 92100 BOULOGNE BILLANCOURT, FRANCE	France	<p>The Collateral Obligor designs, produces, and markets passenger cars and light commercial vehicles. The Company produces the Twingo, Clio, Kangoo, Megane, Scenic, Laguna, Espace, Avantime and Vel Satis automobiles, and vans of up to seven tons capacity. Renault manufactures Dacia automobiles in Romania, and Samsung cars in South Korea. The Company finances vehicles for dealers and customers.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Paris Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.renault.com/Pages/index.aspx">http://www.renault.com/Pages/index.aspx</a></p>	Issued in the normal course of its business.
Repsol International Finance BV	Koningskade, 30 Hague, 2596 AA Netherlands	Netherlands	<p>The Collateral Obligor, a wholly-owned subsidiary of Repsol S.A., is a special purpose finance company formed for the purpose of issuing commercial notes.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.repsol.com">http://www.repsol.com</a></p>	Issued in the normal course of its business
Repsol SA	Edificio Tucumán. Glorieta del Mar Caribe, 1 28043, Madrid, Spain	Spain	<p>The Collateral Obligor., through subsidiaries, explores for and produces crude oil and natural gas, refines petroleum, and transports petroleum products and liquefied petroleum gas (LPG). The Collateral Obligor retails gasoline and other products through its chain of gasoline filling stations.</p>	Issued in the normal course of its business

			<p>The Collateral Obligor's petroleum reserves are in Spain, Latin America, Asia, North Africa, and the Middle East and United States.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt and Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.repsol.com">http://www.repsol.com</a></p>	
Republic of Austria	<p>Österreichische Bundesfinanzierungsagentur Ges.m.b.H</p> <p>Seilerstätte 24, A-1015 Vienna, P.O. Box 158 Austria</p>	Austria	<p>The Collateral Obligor is a sovereign country located in central Europe. It is bordered by the Czech Republic and Germany to the north, Hungary and Slovakia to the east, Slovenia and Italy to the south, and Switzerland and Liechtenstein to the west.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Vienna Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.oebfa.at/en/Pages/default.aspx">http://www.oebfa.at/en/Pages/default.aspx</a></p>	<p>Issued under and in accordance with the provisions of the Federal Budget Accounting Act (<i>Bundeshaushaltsgesetz</i>), the Federal Financing Act (<i>Bundesfinanzgesetz</i>), the Federal Financing Framework Act (<i>Bundesfinanzrahmengesetz</i>) and the Austrian Federal Funding Act 1992.</p>
Republic of Ireland	<p>National Treasury Management Agency, Treasury Building, Grand Canal St. Dublin 2, Ireland</p>	Ireland	<p>The Collateral Obligor is a sovereign country occupying about five-sixths of the island of Ireland. It shares its only land border with Northern Ireland. It is otherwise surrounded by the Atlantic Ocean, with the Celtic Sea to the south, Saint George's Channel to the south east, and the Irish Sea to the east.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Irish Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.gov.ie/">http://www.gov.ie/</a></p>	<p>Issued under the National Treasury Management Agency Act 1990 and other statutes.</p>
Royal Bank of Scotland PLC	<p>36 St Andrew Square, Edinburgh EH12 1HQ, Scotland</p>	United Kingdom	<p>The Collateral Obligor through subsidiaries, accepts deposits and offers commercial banking services. The Collateral Obligor offers business term loans, commercial mortgages, professional practice loans, asset finance and invoice finance loans, residential mortgages, consumer loans, credit cards,</p>	<p>Issued in the normal course of its business.</p>

			<p>financial planning services, and life, personal lines, and income protection insurance.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.rbs.co.uk/personal.ashx">http://www.rbs.co.uk/personal.ashx</a></p>	
Royal Bank of Scotland Group Plc	36 St Andrew Square, Edinburgh EH12 1HQ, Scotland	Scotland	<p>The Collateral Obligor, through subsidiaries, accepts deposits and offers commercial banking services. The Collateral Obligor offers business term loans; commercial mortgages; professional practice loans; asset finance and invoice finance loans; residential mortgages; consumer loans; credit cards; financial planning services; and life, personal lines, and income protection insurance.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.rbs.co.uk/personal.ashx">http://www.rbs.co.uk/personal.ashx</a></p>	Issued in normal course of business
Santander International Debt, S.A. Unipersonal	Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain	Spain	<p>The Collateral Obligor is a special purpose financing vehicle for Banco Santander, S.A. The Collateral Obligor's sole business is raising debt to be on-lent to the Guarantor and other members of the Group on an arm's length basis. The Collateral Obligor is accordingly dependent upon the Guarantor and other members of the Group servicing such loans.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.santander.com/">http://www.santander.com/</a></p>	Issued in the normal course of its business.
Societe Generale	29, Boulevard Haussmann 75009 Paris, France	France	<p>The Collateral Obligor attracts deposits and offers commercial, retail, investment, and private banking services. The Collateral Obligor offers consumer credit, vehicle lease financing, information technology equipment leasing, life and non-life insurance, custodian services, trade and project financing, currency exchange, treasury services, and financial</p>	Issued in the normal course of its business.

			<p>and commodities futures brokerage services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange, Luxembourg Stock Exchange and Euronext Paris exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.ir.socgen.com">http://www.ir.socgen.com</a></p>	
Stada Arzneimittel AG	Bad Vilbel, Germany	Germany	<p>The Collateral Obligor manufactures pharmaceuticals. The Collateral Obligor produces generics (products whose patents have expired), brand-name products, and cancer therapy and other special pharmaceuticals. The Collateral Obligor avoids cost-intensive research on active ingredients and concentrates on multi-source products. The Collateral Obligor markets its products worldwide.</p> <p>The Collateral Obligor has financial instruments listed on the Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.stada.com">www.stada.com</a></p>	Issued under normal course of Business
Swedbank AB	Regeringsgatan 13, SE-106 11, Stockholm, Sweden	Sweden	<p>The Collateral Obligor offers retail banking, asset management, financial, and other services. The Collateral Obligor attracts deposits and offers mortgage and other loans, credit and smart cards, lease financing, instalment loans on equipment and recreational vehicles, securities trading, export and import services, insurance, and real estate brokerage services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Stockholm Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.swedbank.com">http://www.swedbank.com</a></p>	Issued in the normal course of its business.
Telecom Italia S.p.A.	Telecom Italia S.p.A., Milan (Italy), Piazza degli Affari 2,	Italy	<p>The Collateral Obligor, through subsidiaries, offers fixed line and mobile telephone and data transmission services in Italy and abroad. The Company offers local and long-distance telephone, satellite communications, Internet access, and teleconferencing services.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA. Further information on the Collateral</p>	Issued in the normal course of its business

			Obligor can be found on its website: <a href="http://www.telecomitalia.it">www.telecomitalia.it</a>	
Telefonica Emisiones SAU	Gran Vía, 28, 28013 Madrid, Spain	Spain	<p>The Collateral Obligor was incorporated in 2004 and is based in Spain. The Collateral Obligor operates as a subsidiary of Telefonica, S.A.</p> <p>Collateral Obligor has financial instruments listed on the regulated market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.telefonica.es">http://www.telefonica.es</a></p>	Issued in the normal course of its business
Telefonica SA	Gran Vía, 28, 28013 Madrid, Spain	Spain	<p>The Collateral Obligor provides telecommunications services mainly to countries in Europe and Latin America. The Collateral Obligor offers fixed-line and mobile telephone, Internet, and data transmission services to residential and corporate customers.</p> <p>Collateral Obligor has financial instruments listed on the regulated market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.telefonica.es">http://www.telefonica.es</a></p>	Issued in the normal course of its business
ThyssenKrupp AG	ThyssenKrupp Allee 1, 45143 Essen, P.O. Box, 45063 Essen, Germany	Germany	<p>The object of the Collateral Obligor is to manufacture industrial components. The Collateral Obligor produces flat rolled and cast steel, automobile parts, elevators and escalators, machine tools, bearings, nonferrous metals and plastics, develops and manages real estate, and designs and constructs factories.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.thyssenkrupp.com/en/konzern/index.html">http://www.thyssenkrupp.com/en/konzern/index.html</a></p>	Issued in the normal course of its business.
ThyssenKrupp Finance Nederland BV	7 Paylorweg AE Veghel, 5466 Netherlands	Netherlands	<p>The Collateral Obligor is a special purpose entity. The Collateral Obligor was formed in order to issue bonds for parent company ThyssenKrupp AG.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.thyssen.nl">http://www.thyssen.nl</a></p>	Issued in the normal course of its business.

TUI AG	Karl-Wiechert-Allee 4 D-30625 Hannover Germany	Germany	<p>The Collateral Obligor offers tourism and logistic services, and manufactures building materials. The Collateral Obligor operates airlines, travel agencies, cruise ships, resorts, and hotels. The Collateral Obligor provides maritime and inland container shipping, freight forwarding and storage services around the world, and leases and sells mobile buildings.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.tui-group.com/en">http://www.tui-group.com/en</a></p>	Issued in the normal course of its business.
UBI Banca SCPA	Piazza Vittorio Veneto 8, 24122. Bergamo, Italy	Italy	<p>The Collateral Obligor attracts deposits and offers business loans, pension and investment fund management, mortgages, insurance, and online securities brokerage services. The Collateral Obligor operates network banks throughout Italy, Germany, France, and Switzerland and performs centralized functions of governance, control and organization for those banks.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA. Further information on the Collateral Obligor can be found on its website: <a href="http://www.ubibanca.it">http://www.ubibanca.it</a></p>	Issued in the normal course of its business.
UniCredit BpC Mortgage S.r.l.	Piazzetta Monte, 1, I- 37121 Verona, Italy	Italy	<p>The Collateral Obligor is has been established as a special purpose vehicle for the purpose of guaranteeing the OBG (Covered Bonds) in accordance with Article 7-bis of the Law 130. The Collateral Obligor is a limited liability company (società a responsabilità limitata) incorporated in the Republic of Italy under Article 3 of the Law 130 on 01 March 2007, belonging to the “<b>Gruppo Bancario UniCredit</b>” registered with the register of banking groups held by the Bank of Italy pursuant to Article 64 of the Banking Law under No. 3135 (the “<b>UniCredit Banking Group</b>” or “<b>UniCredit</b>”).</p> <p>The Collateral Obligor is directed and co-ordinated (soggetta all’attività di direzione e coordinamento) by UniCredit and belongs to the UniCredit</p>	Issued in the normal Course of business

			<p>Banking Group.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA. Further information on the Collateral Obligor can be found on its website: <a href="http://www.unicreditgroup.eu">http://www.unicreditgroup.eu</a></p>	
Unicredit SpA	Via. Alessandro Specchi 16 - 00186 Rome, Italy	Italy	<p>The Collateral Obligor attracts deposits and offers commercial banking services. The Collateral Obligor offers consumer credit, mortgages, life insurance, business loan, investment banking, asset management, and other services. The Collateral Obligor operates worldwide.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA. Further information on the Collateral Obligor can be found on its website: <a href="http://www.unicreditgroup.eu">http://www.unicreditgroup.eu</a></p>	Issued in the normal course of its business.
Unione di Banche Italiane S.c.p.a	Piazza Vittorio Veneto 8 – 24122 Bergamo, Italy	Italy	<p>The Collateral Obligor attracts deposits and offers business loans, pension and investment fund management, mortgages, insurance, and online securities brokerage services. The Collateral Obligor operates network banks throughout Italy, Germany, France, and Switzerland and performs centralized functions of governance, control and organization for those banks.</p> <p>Collateral Obligor has financial instruments listed on the regulated market of the Borsa Italiana SpA and London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.ubibanca.it">http://www.ubibanca.it</a></p>	Issued in the normal course of its business
United Kingdom	UK Debt Management Office Eastcheap Court 11 Philpot Lane London EC3M 8UD	United Kingdom	<p>The Collateral Obligor is a sovereign country located off the north-western coast of continental Europe. The country includes the island of Great Britain, the north-eastern part of the island of Ireland, and many smaller islands. Northern Ireland is the only part of the UK that shares a land border with another sovereign state—the Republic of Ireland. Apart from this land border the UK is surrounded by the Atlantic Ocean, the North Sea, the English Channel and the Irish Sea.</p> <p>The Collateral Obligor has financial instruments listed on the regulated</p>	Issued pursuant to the provisions of section 12 of the National Loans Act 1968.

	United Kingdom		market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.dmo.gov.uk/">http://www.dmo.gov.uk/</a>	
Xstrata Finance Dubai Ltd	Office 9 Gate Village 1 Lvl 2, PO Box 506721 Dubai United Arab Emirates	United Arab Emirates	<p>The Collateral Obligor was incorporated to facilitate the financing activities of the Xstrata &amp; Glencore Group. The objects of Collateral Obligor, which are set out in its articles of association, are to - act as a finance company, and to finance directly or indirectly, or to act as an intermediary in respect of, or otherwise to facilitate the financing of the activities of Xstrata, Xstrata Schweiz and the Xstrata &amp; Glencore Group.</p> <p>The Collateral Obligor has financial instruments listed on the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.xstrata.com">www.xstrata.com</a>.</p>	Issued under normal course of Business
Xunta De Galicia	Secretaría Xeral da Presidencia da Xunta de Galicia, Edificio Administrativo de San Caetano, San Caetano s/n, 15781 Santiago de Compostela, A Coruña, Spain	Spain	<p>The Collateral Obligor is the collegiate body of the Government of Galicia. The Government consists of the President, Vice-President(s), and the councilors. The Obligor is responsible for taxes, courts, urbanism, housing, and organizing self-governing institutions, roadways, railways, etc.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Madrid Stock Exchange and Frankfurt Stock Exchange. Further information on the Collateral Obligor can be found on its website: <a href="http://www.xunta.es">http:// www.xunta.es</a></p>	Obligaciones are issued pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 1/1981, of 6 April, approving the Statute of Autonomy of Galicia; and Legislative Decree 1/1999, of 7 October, approving the consolidated text of the Act on Financial and Budget regime of Galicia

## ANNEX 2

### PRINCIPAL TERMS AND CONDITIONS OF UNLISTED COLLATERAL

*This section provides a brief overview of some of the principal terms and conditions of certain types of Collateral that are not traded on a regulated or equivalent market. The section entitled “Provisions Relating to Series Assets” in the Final Terms for a Series of Instruments in respect of which the Collateral is not traded on a regulated or equivalent market will indicate which of the principal terms and conditions described in this section are applicable to the Collateral for such Series of Instruments and will complete the information contained in this section to the extent that the relevant details were not known at the time of approval of this Base Prospectus.*

#### 1 Collateral issued pursuant to a medium term note programme

##### 1.1 Redemption, purchase and options

- (a) **Redemption for taxation reasons:** If “Redemption for taxation reasons” is specified in the Final Terms as “Applicable”, the Collateral may be redeemed at the option of the Collateral Obligor in whole, but not in part, on any date specified in the Final Terms, on giving the amount of notice specified in the Final Terms to the holders of the Collateral at the early redemption amount specified in the Final Terms, if certain tax events occur.
- (b) **Redemption at the option of the Collateral Obligor:** If “Redemption at the option of the Collateral Obligor” is specified in the Final Terms as “Applicable”, the Collateral Obligor may, on giving the amount of notice specified in the Final Terms to the holders of the Collateral redeem, or exercise the Issuer's option in relation to, all or, if so provided, some of the Collateral on the date or dates specified in the Final Terms at the optional redemption amount specified in the relevant Final Terms.
- (c) **Redemption at the option of holders of the Collateral:** If “Redemption at the option of holders of the Collateral” is specified in the Final Terms as “Applicable”, the Collateral Obligor shall, at the option of the holder of any Collateral, redeem such Collateral on the date or dates so provided at the optional redemption amount specified in the relevant Final Terms.
- (d) **Redemption by instalments:** If “Redemption by instalments” is specified in the Final Terms as “Applicable”, the Collateral will be partially redeemed on each instalment date at the instalment amount specified in the Final Terms.

##### 1.2 Taxation

If “Collateral gross-up” is specified in the Final Terms as being applicable, all payments of principal and interest in respect of the Collateral by the Collateral Obligor or (if applicable) the Collateral Guarantor or Collateral Support Provider in respect thereof will be made without withholding or deduction for, or on the account of, as more particularly described in the terms and conditions of the Collateral, certain taxes, duties, assessments or governmental charges imposed or levied by or on behalf of the relevant jurisdictions specified in the Final Terms or any political subdivision thereof or any agency or authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, in which case the Collateral Obligor or (if applicable) the Collateral Guarantor or Collateral Support Provider will pay such additional amounts as may be necessary in order that the net amounts received by holders of the Collateral are equal to the amount that would have been received had no such withholding or deduction applied, provided that in certain circumstances as more particularly described in the terms and conditions of the Collateral, no such additional amounts shall be payable with respect to any payment in respect of the Collateral.

### 1.3 Events of default

If any of the following events is specified in the Final Terms as “Applicable” and such event occurs and is continuing, the Collateral shall become repayable at the early redemption amount specified in the Final Terms:

- (a) **Default in payment of principal or interest:** default is made after the passing of the grace period specified in the Final Terms in the payment of any principal or interest in respect of the Collateral;
- (b) **Failure to perform any other Obligation:** the Collateral Obligor or (if applicable) the Collateral Guarantor in respect of the Collateral fails duly to perform any other obligation under or in respect of the Collateral and such failure continues for more than the grace period specified in the Final Terms;
- (c) **Insolvency events:** certain events relating to the winding-up or dissolution of the Collateral Obligor or (if applicable) the Collateral Guarantor or Collateral Support Provider in respect of the Collateral occur;
- (d) **Guarantee events:** if applicable, the Collateral Guarantee in respect of the Collateral is not in full force and effect; or
- (e) **Other events:** other events that are specified in the the Final Terms.

### 1.4 Meetings of holders of the Collateral

The Collateral contains provisions for convening meetings of holders thereof to consider matters affecting their interests generally with respect to the Collateral. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

### 1.5 Further issues

If specified in the Final Terms as “Applicable”, the Collateral Obligor may from time to time create and issue further notes having the same terms and conditions as the Collateral in all respects (or in all respects except for the issue price, the issue date and/or the first payment of interest) and so that the same shall be consolidated and form a single series with the Collateral.

**ANNEX 3**  
**FORM OF FINAL TERMS**

Final Terms dated [●]

**PALLADIUM SECURITIES 1 S.A.**

*(incorporated as a public limited liability company (société anonyme) under the laws of the Grand Duchy of Luxembourg with its registered office at 2, boulevard Konrad Adenauer, L-1115 Luxembourg, registered with the Luxembourg trade and companies register under number B 103.036 and subject to the Luxembourg Act dated 22 March 2004, as amended))*

(acting in respect of Compartment [●])

[Currency] [Up to] [Aggregate Nominal Amount] [Number] [Description of Instruments]  
(together “**Instruments**”) due [Maturity]

Issue Price: [[Insert Price] per Instrument]/[[●] per cent.]

Programme for the issuance of Secured Notes

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be as defined in the General Conditions set out in the Base Prospectus dated 25 July 2013 ([as supplemented by a supplement dated [●],] [together] a “**Base Prospectus**” for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) (and amendments thereto, including the 2010 PD Amending Directive)), in respect of asset backed securities issued by the Issuer. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of Instruments is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. A summary of the individual issue of the Instruments is annexed to these Final Terms. The Base Prospectus [is] [and the supplements are] available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained free of charge during normal business hours from the offices of the Luxembourg listing and paying agent (Deutsche Bank Luxembourg SA, 2 boulevard Konrad Adenauer, L-1115 Luxembourg) and at the registered office of the Issuer (Palladium Securities 1 S.A., 2 boulevard Konrad Adenauer, L-1115 Luxembourg). [A copy of the Final Terms will be available on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italicised text denotes directions for completing these Final Terms.]*

*[When adding any other information in Part A or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer in Part B consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors’ right to withdraw their acceptances within a 48-hour time period.]*

1           Aggregate Nominal Amount of       [●]  
              Instruments being issued and (if  
              different) Aggregate Nominal  
              Amount of Instruments being

	admitted to trading:	
2	Specified Denomination:	[●]
3	Series Number:	[●]
4	Specified Currency or Currencies:	[●]
5	Issue Price:	[[ <i>Price</i> ] per Instrument] [[●] per cent. of the Aggregate Nominal Amount] [plus accrued interest from [ <i>Date</i> ] ( <i>in the case of fungible issues only, if applicable</i> )] [Indicate amount of any expenses and taxes specifically charged to the purchasers of the Instrument]
6	Calculation Amount per Instrument:	[●]
7	[(i)] Issue Date:	[●]
	[(ii)] Primary Market End Date:	[[●] or, if such day is not a Business Day, the first succeeding Business Day;]
8	(i) Collateral Maturity Postponement Adjustment:	[Applicable – the Scheduled Maturity Date is specified in paragraph 8(ii) below] [Not Applicable – the Maturity Date is specified in paragraph 8(ii) below]
	(ii) [Scheduled Maturity Date] [Maturity Date]:	[Fixed Rate Instruments: [●], or, if such day is not a Payment Day, the [next following] Payment Day] [Floating Rate Instruments: <i>Details of Interest Payment Date falling in the relevant month and year</i> ]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[ <i>specify Benchmark Rate</i> ] +/- [[●] per cent.][ <i>specify Benchmark Rate</i> ] Floating Rate] [[ <i>specify Index</i> ] +/- [[●] per cent.][ <i>specify Index</i> ] Floating Rate] [Zero Coupon]
10	Change of Interest Basis:	[Applicable – the method by which Interest is determined shall alter on a specified Interest Rate Switch Date] [Not Applicable – the method of determining the Interest will not change on a specified Interest Rate Switch Date]
	Interest Rate Switch Date(s):	[●] [Not Applicable] [ <i>Insert description of change of interest rate</i> ]
11	Authorisation	[Not applicable][ <i>In the case of new issues, provide a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued</i> ]
12	Multiple Collateral Issue	[Applicable] [Not Applicable]
<b>Provisions Relating to Interest</b>		
13	Type of Interest:	[Fixed Rate]

[Floating Rate] [Structured Floating Rate]

[Zero Coupon]

*[If the Interest Rate is fixed, use the following subparagraphs (i)-(vii), otherwise delete such sub-paragraphs]*

- (i) Interest Rate: [●] per cent. per annum payable in arrear  
[annually]  
[semi-annually]  
[quarterly]  
[monthly]
- (ii) Interest Payment Date(s): [The Interest Payment Dates are [●] in each year up to and including the Maturity Date]  
[The Interest Payment Dates are [●] in each year up to and including the Scheduled Maturity Date]  
[or, if any such day is not a Payment Day, the next following Payment Day]
- (iii) Interest Accrual Dates(s): [The Interest Accrual Dates are [●] in each year up to and including the Maturity Date.] [The Interest Accrual Dates are [●] in each year up to and including the Scheduled Maturity Date] [The Interest Accrual Dates shall be the Interest Payment Dates.]
- (iv) Fixed Amount[(s)]: [The Interest Amount is [●]]
- (v) Day Count Fraction: [Actual/Actual (ISDA)]  
[Actual/Actual (ICMA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[30E/360]  
[30E/360 (ISDA)]
- (vi) Determination Date(s): The Determination Dates are [●] in each year.  
[Not Applicable]  
*[Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (vii) Interest Component Adjustment: [[Leverage Factor – Applicable, [subject to [a maximum Leverage Factor of [●]][a minimum Leverage Factor of [●]]]]  
[Interest Rate – Applicable, [subject to [a maximum Interest Rate of [●]][a minimum Interest Rate of [●]]]]  
The Interest Component Adjustment Date[s] [is][are] [●].]  
[Not Applicable]

*[If the Interest Rate is floating rate and or structured floating rate, use the following subparagraphs (i)-(xxii) as applicable, otherwise delete such sub-paragraphs]*

- (i) Interest Rate: [The sum of (i) the Relevant Rate and (ii) the Margin [,

- subject to [a Minimum Interest Rate] [and] [a Maximum Interest Rate]]  
[The Structured Floating Rate (Range Accrual)]
- (ii) Specified Period(s)/Interest Payment Dates/Specified Duration: The Interest Payment Dates are [●] [or, if any such day is not a Payment Day, the next following Payment Day].  
[The Specified Duration for the purpose of the Relevant Rate is [3 months/6 months/12 months/1 year/2 years/5 years/10 years/30 years]  
[SD1: the Specified Duration for SD1 for the purpose of the Relevant Rate is [3 months/6 months/12 months/1 year/2 years/5 years/10 years/30 years]]  
[SD2: the Specified Duration for SD2 for the purpose of the Relevant Rate is [3 months/6 months/12 months/1 year/2 years/5 years/10 years/30 years]]
- (iii) Interest Accrual Dates(s): [The Interest Accrual Dates are [●] in each year up to and including the Maturity Date [subject to the Business Day Convention].] [The Interest Accrual Dates are [●] in each year up to and including the Scheduled Maturity Date [subject to the Business Day Convention]]
- (iv) Interest calculation method for short or long Interest Periods: [Linear Interpolation]  
[the applicable Relevant Rate on the Interest Determination Date]  
[Not Applicable] [there are no short or long Interest Periods]
- (v) Business Day Convention: [Floating Rate Business Day Convention]  
[Following Business Day Convention]  
[Modified Following Business Day Convention]  
[Preceding Business Day Convention]  
[Not Applicable]
- (vi) Business Day(s): London, New York, TARGET2 and Tokyo
- (vii) Relevant Financial Centre: [●]
- (viii) Margin(s): [+/-][●] per cent. per annum
- (ix) Relevant Rate: [Benchmark Rate]  
[Structured Floating Rate - as per sub-paragraph (xiii)]
- (x) Benchmark Rate: [EURIBOR] [CHF-LIBOR] [EUR-LIBOR] [GBP-LIBOR] [USD-LIBOR] [EUR-CMS] [USD-CMS] [Not Applicable]  
[*in the case of a sum of two Benchmark Rates insert:* Structured Floating Rate (Aggregate Benchmark Rate) - as per sub-paragraph (xiii)]

- (xi) Method of determining Relevant Rate: [Screen Rate Determination]  
[CMS Rates Determination]  
[Inflation Rate Determination]
- (xii) Interest Component Adjustment: [[Leverage Factor – Applicable, [subject to [a maximum Leverage Factor of [●]][a minimum Leverage Factor of [●]]]]  
[Margin – Applicable, [subject to [a maximum Margin of [●]][a minimum Margin of [●]]]]  
[Maximum Interest Rate – Applicable, [subject to [a maximum Maximum Interest Rate of [●]][a minimum Maximum Interest Rate of [●]]]]  
[Minimum Interest Rate – Applicable, [subject to [a maximum Minimum Interest Rate of [●]][a minimum Minimum Interest Rate of [●]]]]  
[Interest Rate – Applicable, [subject to [a maximum Interest Rate of [●]][a minimum Interest Rate of [●]]]  
The Interest Component Adjustment Date[s] [is][are] [●].]  
[Not Applicable]

*[If the floating interest rate is structured, use the following subparagraphs as applicable, otherwise delete such sub-paragraphs]*

- (xiii) Structured Floating Rate: [The “**Structured Floating Rate (Leverage Factor)**” applies whereby the Interest Rate will be multiplied by a Leverage Factor of [●].]

[The “**Structured Floating Rate (Range Accrual)**” applies, whereby the Interest Rate for each Interest Period will be the sum of:

Specified Rate x (N/D)

where:

“**D**” means the actual number of Business Days in the relevant Interest Period;

“**Maximum Range Percentage**” means [●];

“**Minimum Range Percentage**” means [●];

“**N**” means the number of Business Days in the relevant Interest Period on which the Relevant Rate (as determined in accordance with General Condition 5.2.3(a), but read as if “the Interest Determination Date” is replaced with “each Business Day”) is greater than or equal to the Minimum Range Percentage and less than or equal to the Maximum Range Percentage; and

“**Specified Rate**” means [●],

as set out in General Condition 5.2.3(c)]

[The “**Structured Floating Rate (SD1 – SD2)**” applies

whereby the Relevant Rate shall be (i) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to SD1, minus (ii) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to SD2, each as determined in accordance with General Condition 5.2.3(b).]

[The “**Structured Floating Rate (Aggregate Benchmark Rate)**” shall apply whereby the Benchmark Rate is the [sum of][difference between] [EURIBOR] [CHF-LIBOR] [EUR-LIBOR] [GBP-LIBOR] [USD-LIBOR] [EUR-CMS] [USD-CMS] and [EURIBOR] [CHF-LIBOR] [EUR-LIBOR] [GBP-LIBOR] [USD-LIBOR] [EUR-CMS] [USD-CMS]].

[The “**Structured Floating Rate (Inflation Index Linked Rate)**” shall apply whereby the Inflation Rate in respect of an Interest Period shall be the amount determined by the Calculation Agent to be equal to (a) the Second Index Level divided by the First Index Level minus (b) 1, subject to a minimum of zero and the Index is [BLG – Non-revised Consumer Price Index—Health Index (CPI)] [BLG – Non-revised Harmonised Consumer Price Index (HICP)] [ESP – National- Revised Consumer Price Index (CPI)] [EUR – Excluding Tobacco-Non-revised Consumer Price Index] [FRC – Excluding Tobacco-Non-Revised Consumer Price Index] [GBP – Non-revised Retail Price Index (UKRPI)] [ITL – Inflation for Blue Collar Workers and Employees—Excluding Tobacco Consumer Price Index] [USA – Non-revised Consumer Price Index – Urban (CPI-U)] [SEK – Non-revised Consumer Price Index (CPI)]

- (xiv) Minimum Interest Rate: The Minimum Interest Rate is [●] per cent. per annum
- (xv) Maximum Interest Rate: The Maximum Interest Rate is [●] per cent. per annum
- (xvi) Day Count Fraction: [Actual/Actual (ISDA)]  
 [Actual/Actual (ICMA)]  
 [Actual/365 (Fixed)]  
 [Actual/360]  
 [30/360]  
 [30E/360]  
 [30E/360 (ISDA)]
- (xvii) Interest Determination Date(s): [The Interest Determination Date in respect of each Interest Period is [the first day of each Interest Period] [the second day on which TARGET2 is open prior to the first

day of each Interest Period] [the day falling two Banking Days prior to the first day of each Interest Period]  
[the last day of each Interest Period [●].]

[Insert regular payment dates]

- (xviii) Banking Days: [●]
- (xix) Index Sponsor: [[●] who publishes the index performance on [●]] [Not Applicable]
- (xx) First Index Level Month: [The month falling [●] months prior to the month in which the relevant Interest Period ends] [Insert other time period for Index reporting] [Not Applicable]
- (xxi) Second Index Level Month: [The month falling [●] months prior to the month in which the relevant Interest Period ends] [Insert other time period for Index reporting] [Not Applicable]
- (xxii) Related Bond: [Applicable][Not Applicable]

[If the Instrument is zero coupon, use the following subparagraph (i), otherwise delete such sub-paragraph]

- (i) [Amortisation Yield: [●]]

**Provisions Relating to Redemption**

14 Issuer Call Option: [Applicable – The Issuer is entitled to call the Instruments early in accordance with General Condition 7.5]  
[Not Applicable – The Issuer is not entitled to call the Instruments early]  
[If not applicable, delete the remaining sub-paragraphs of this paragraph]

- (i) Optional Redemption Date(s): [●]

- (ii) Optional Redemption Amount: [[●] per cent. per Calculation Amount]/

Optional Redemption Date:	Optional Redemption Amount:
[●]	[●]
[●]	[●]

- (iii) Optional Redemption Period: [●]

15 Collateral Put/Call Redemption Event: [Applicable – The Issuer shall redeem some or all of the Instruments in accordance with General Condition 7.3.3 if any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with its terms.]  
[Not Applicable – The Issuer shall not redeem any of the Instruments if any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with its terms.]  
[Not Applicable - The Collateral Obligor has no option to redeem the Collateral in accordance with its terms.]

16	Early Redemption on Cessation of Publication:	[Applicable]/[Not Applicable]
17	Early Termination Amount:	
	(i) Early Termination Amount inclusive of accrued interest:	[Yes: no additional amount in respect of accrued interest to be paid] [No: together with the Early Termination Amount, accrued interest shall be paid as an additional amount]
	(ii) Early Termination Interest Period:	[The Interest Rate shall be zero] [The Interest Rate shall be calculated in accordance with General Condition 5.5.3]
18	Collateral Matched Grace Period:	[Applicable – The Grace Period will be [●] days, which is equal to the grace period applicable to the payment of any sum due in respect of the Collateral before a default may be declared.] [Not Applicable – The Grace Period will be as defined in the Base Prospectus.]

#### Provisions Relating to Series Assets

19	(i) Principal terms of [the Collateral][Collateral Item 1][Collateral Item 2][●]:	<i>[repeat this section for each item comprising the Collateral if “Multiple Collateral Issue” is specified as “Applicable”]</i>
	- Collateral Obligor (full legal name, registered address):	<i>[Insert details from the Collateral Annex]</i>
	- Rating of the Collateral Obligor (by specified Rating Agency(ies))	[●]
	- Country of incorporation of the Collateral Obligor:	<i>[Insert details from the Collateral Annex]</i>
	- Nature of Business:	<i>[Insert details from the Collateral Annex]</i>
	- Market on which the Collateral Obligor has securities admitted to trading:	<i>[Insert details from the Collateral Annex of the regulated market on which the Collateral Obligor has any securities admitted to traded]</i>
	- Collateral Guarantor:	[Applicable][ <i>Insert details from the Collateral Annex</i> ] [Not Applicable]
	- Collateral Support Provider:	[Applicable][ <i>Insert details from the Collateral Annex</i> ] [Not Applicable]
	- Legal Nature of the Collateral:	[The Collateral [(ISIN: [●])] will comprise [debt securities][debt securities consisting of covered bonds][equity securities][cash]. [The Collateral is in [bearer][registered][book-entry] form.] [Such [debt securities][equity securities] are of a type which in normal

market conditions may be readily realised in the international capital markets, if necessary by or on behalf of the Trustee in a situation where the security for the Instruments is realised or enforced.]

[The Collateral is a [senior] [secured] [unsecured] debt obligation of the Collateral Obligor.] [The obligations of the Collateral Obligor under the Collateral] [benefit from a Collateral Guarantee given by the Collateral Guarantor [*Insert details from Collateral Annex*]] [benefit from a Keepwell Agreement given by a Collateral Support Provider] [benefit from Alternative Collateral Support Arrangement given by a Collateral Support Provider] [As the Collateral Obligor is rated below investment grade, it qualifies as a high yield bond.]

- Collateral Support: [Applicable] [Collateral Guarantee]  
[Not Applicable]  
[Keepwell Agreement]  
[Alternative Collateral Support Arrangement]  
*[If Alternative Collateral Support is applicable, give further details]*
- Regular Payments on the Collateral and Currency: [Interest on the Collateral is [●] per annum payable by the Collateral Obligor on [[●], [●], [●] and [●]]. The Collateral shall be repaid by the Collateral Obligor on [the maturity date][●] of the Collateral at [its nominal amount][●].]  
The Collateral is denominated in [*insert currency*].
- Issue Date of the Collateral [●]
- Maturity Date or Expiry Date of Collateral: [●]
- Amount of Collateral: [A nominal amount equal to the Aggregate Nominal Amount of the Instruments.][●] The ratio between the amount of Collateral and the principal amount of the Instrument is [1/1][●].
- Overall Issue Size of the Collateral: [●]
- Date of transfer of the Collateral: [*Date of the sale, transfer, novation or assignment of the assets or of any rights and/or obligations in the assets to the issuer or, where applicable, the time period in which the proceeds from the issue will be fully invested by the issuer*]
- Method of creation of the Collateral: [The Collateral was issued by the Collateral Obligor in the normal course of its business.]  
*[Insert if the Collateral Obligor is Fondo de Amortizacion del Deficit Electrico (FADE): The Collateral was issued by the Collateral Obligor pursuant to Law 54/1997, as*

amended, royal Decree 437/2012, as amended, Royal Decree 926/1998, as amended, and other relevant Spanish regulations.]

*[Insert if the Collateral Obligor is the Republic of Italy:* The Collateral was issued by the Collateral Obligor pursuant to a decree of the Italian Ministry of Finance or under its programme for the issuance of debt securities.]

*[Insert if the Collateral Obligor is the Kingdom of Belgium:* The Collateral was issued by the Collateral Obligor pursuant to the law of 2 January 1991 on the Public Debt Securities Market and Instruments of Monetary Policy, a Royal Decree dated 16 October 1997 on linear bonds, a decree of the Minister of Finance of the Kingdom dated 12 December 2000 on general rules applicable to linear bonds and, a decree of the Minister of Finance of the Kingdom relating to the issue of Collateral and, for each such issue taking place in 2012, the Belgian Budget Law of 16 February 2012 for budget year 2012 and the Belgian Royal Decree of 11 January 2012 authorising the Minister of Finance to continue, in 2012, the issuance of debt denominated “OLOs”, the issuance of debt denominated “State notes” and also “Euro Medium Term Notes”.]

*[Insert if the Collateral Obligor is the Portuguese Republic:* The Collateral was issued by the Collateral Obligor pursuant to the Portuguese Debt Framework Law (Law no. 7/98, dated of 3 February, as amended by article 81 of the Law no. 87-B/98, dated of 31 December), the relevant Annual Budget Law and the relevant Resolution of the Council of Ministers.]

*[Insert if the Collateral Obligor is the French Republic:* The Collateral was issued by the Collateral Obligor by an Order (Arrêté) of the French Minister of the Economy and Finance (Ministre de l'économie et des finances).]

*[Insert if the Collateral Obligor is the Kingdom of Spain:* The Collateral was issued by the Collateral Obligor pursuant to General Budgetary Law and Organic Law 2/2012, 27 April 2012, on Budgetary Stability and Financial Sustainability, subject to and in accordance with the provisions of The State General Budget Law for the relevant year.]

*[Insert if the Collateral Obligor is the United Kingdom:* The Collateral was issued by the Collateral Obligor pursuant to the provisions of section 12 of the National Loans Act 1968.]

*[Insert if the Collateral Obligor is the Federal Republic of Germany:* The Collateral was issued by auction through

the Auction Group Bund Issues (*Bietergruppe Bundesemissionen*). Such auctions are governed by the “Auction rules for the issue of Federal bonds, five-year Federal notes, Federal Treasury notes and Treasury discount paper of the German Government“. For the total amount of each issue, a collective debt register claim for Clearstream Banking AG Frankfurt will be entered in the Federal debt register (book-entry securities). The creditors of German government securities receive co-ownership rights in the collective debt register claim entered in the Federal debt register. The creation of an individual debt register claim is excluded by the issuance terms and conditions. No certificates will be issued throughout the time up to maturity.]

*[Insert if the Collateral Obligor is the Republic of Ireland:* The Collateral was issued by the Collateral Obligor under the National Treasury Management Agency Act 1990 and other statutes.]

*[Insert if the Collateral Obligor is the Republic of Austria:* The Collateral was issued by the Collateral Obligor under and in accordance with the provisions of the Federal Budget Accounting Act (*Bundeshaushaltsgesetz*), the Federal Financing Act (*Bundesfinanzgesetz*), the Federal Financing Framework Act (*Bundesfinanzrahmengesetz*) and the Austrian Federal Funding Act 1992.]

*[Insert if the Collateral Obligor is the Instituto de Credito Oficial:* The Collateral was issued by the Collateral Obligor pursuant to Royal Decree 706/1999, of 30 April, related to the adaptation of the Instituto de Crédito Oficial and to Law 6/1997, of 14 April, related to the Organisation and Operation of the State General Administration.]

*[Insert if the Collateral Obligor is the Comunidad de Madrid:* The Collateral was issued by the Collateral Obligor pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 3/1983, of 25 February, approving the Statute of Autonomy of the Madrid Autonomous Community; and Act 9/1990, of 8 November, regulating the Treasury of the Madrid Autonomous Community.]

*[Insert if the Collateral Obligor is the Junta de Andalucía:* The Collateral was issued by the Collateral Obligor pursuant to Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 27/2007, of 19 March, reforming the Autonomous Statute of Andalucía; and Legislative Decree 1/2010, of 2 March, approving the

consolidated text of the Treasury Act of Andalucía.]

*[Insert if the Collateral Obligor is the Generalitat De Catalunya:* The Collateral was issued by the Collateral Obligor pursuant to the Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 6/2006, of 19 July, reforming the Autonomous Statute of Catalonia; Consolidated Public Finance Act of Catalonia approved by Legislative Decree 3/2002, of 24 December.]

*[Insert if the Collateral Obligor is the Generalitat De Valencia:* The Collateral was issued by the Collateral Obligor pursuant to the Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 5/1982, of 1 July, approving the Statute of Autonomy of the Comunidad Valenciana; and Legislative-Decree of 26 June 1991 approving the Generalitat Valenciana's Treasury Act.]

*[Insert if the Collateral Obligor is the Xunta De Galicia:* The Collateral was issued by the Collateral Obligor pursuant to the Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 1/1981, of 6 April, approving the Statute of Autonomy of Galicia; and Legislative Decree 1/1999, of 7 October, approving the consolidated text of the Act on Financial and Budget regime of Galicia.]

*[Insert if the Collateral Obligor is the Comunidad Foral De Navarre:* The Collateral was issued by the Collateral Obligor pursuant to the Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 13/1982, 10 August, of the Statute of Autonomy of Navarra, and Law 13/2007 of 4 April, concerning the Treasury of Navarre.]

*[Insert if the Collateral Obligor is the Comunidad Autonoma de Canarias:* The Collateral was issued by the Collateral Obligor pursuant to the Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 10/1982, of 10 August, approving the Statute of Autonomy of Canarias; and Law 11/2006, of 11 December, concerning the Treasury of Canarias.]

*[Insert if the Collateral Obligor is the Junta Comunidades de Castilla-La Mancha:* The Collateral was issued by the Collateral Obligor pursuant to the Spanish Organic Act 8/1980, of 22 September, on the Financing of the Spanish Autonomous Communities; Spanish Organic Act 9/1982, of 10 August, approving the Statute of Autonomy of

Castilla La Mancha; and Legislative Decree 1/2002, of 19 November approving the consolidated text of the Treasury Act of Castilla la Mancha.]

- Material relationships between the Issuer and any Collateral Obligor: *[Insert details]*[Not Applicable, there are no material relationships between the Issuer and any Collateral Obligor]
- Description of the Collateral, if the Collateral comprises equity securities that are admitted to trading on a regulated or equivalent market: *[Insert details including a description of the Collateral, a description of the market on which the Collateral is traded, including the date of establishment of that market, how price information is published, an indication of daily trading volumes, information as to the standing of the market in the country, the name of market's regulatory authority and the frequency with which prices of the Collateral are published]*[Not Applicable, the Collateral does not comprise equity securities]
- Governing law of the Collateral: [●]

*[If the Collateral is not listed on a regulated or equivalent market and is a medium term note, use the following subparagraph (ii), otherwise delete such sub-paragraph]*

- (ii) Other terms and conditions of [the Collateral]][Collateral Item 1][Collateral Item 2][●]:

- Redemption for taxation reasons: [Applicable – the Redemption dates are [●][*each interest payment date in respect of the Collateral*], the Notice Period is [●] and the Early Redemption Amount is [●] [(together with interest accrued to the date fixed for redemption)]] [Not Applicable]
- Purchases: [Applicable] [Not Applicable]
- Redemption at the option of the Collateral Obligor: [Applicable – the Redemption dates are [●][*each interest payment date in respect of the Collateral*], the Notice Period is [●] and the Early Redemption Amount is [●] [(together with interest accrued to the date fixed for redemption)]] [Not Applicable]
- Redemption at the option of holders of the Collateral: [Applicable – the Redemption dates are [●][*each interest payment date in respect of the Collateral*], the Notice Period is [●] and the Early Redemption Amount is [●] [(together with interest accrued to the date fixed for redemption)]] [Not Applicable]
- Instalments: [Applicable – the instalment dates are [●][*each instalment date in respect of the Collateral*] and the instalment amount is [●]] [Not Applicable]
- Collateral gross-up: [Applicable – the relevant jurisdictions are: [●]] [Not Applicable]

	- Events of default:	[Applicable – Payment default [Applicable – Grace period [●]][Not Applicable], Failure to perform any other obligation [Applicable – Grace period [●]][Not Applicable], Insolvency events [Applicable][Not Applicable], Guarantee events [Applicable][Not applicable], Other events [●]][Not Applicable]
	- Further issues:	[Applicable][Not Applicable]
	(iii) Series Assets:	[Collateral]  [Issuer’s rights under [Hedging Agreement dated Issue Date and,] Agency Agreement dated Issue Date]
	- Originator of the Collateral:	[Applicable – [Deutsche Bank AG, London Branch][●][insert name, address and main business of the dealers if not Deutsche Bank AG, London Branch]][Not Applicable]
20	(i) Hedging Agreement:	[Applicable – the Issuer shall enter into a Hedging Agreement with the Hedging Counterparty in connection with the Instruments]  [Not Applicable – the Issuer will not enter into a Hedging Agreement with the Hedging Counterparty in connection with the Instruments]
	(ii) Option Premium:	[Applicable – [●]][Not Applicable]
	(iii) Credit Support Document	[Applicable – a Credit Support Annex shall be entered into in connection with the Hedging Agreement]  [Applicable – a Credit Support Deed shall be entered into in connection with the Hedging Agreement]  [Not Applicable– the Issuer will not enter into a Credit Support Document with the Hedging Counterparty in connection with the Instruments]
	(iv) Method of Collateral Posting:	[1-Way Hedging Collateral Posting – only [the Issuer] [the Hedging Counterparty] may be required to post eligible credit support under the Credit Support Document] .  [2-Way Hedging Collateral Posting – both the Issuer and the Hedging Counterparty may be required to post eligible credit support under the Credit Support Document]  [Not Applicable – the Issuer will not enter into a Credit Support Document with the Hedging Counterparty in connection with the Instruments]
21	Security Ranking Basis:	[Hedging Counterparty Priority Basis]  [Hedging Counterparty Priority Default Flip applicable - Instrumentholder Pari passu Basis]  [Hedging Counterparty Priority Default Flip applicable - Instrumentholder Priority Basis]

**General Provisions Applicable to the Instruments**

- 22 Form of Instruments: [Permanent Global Instrument which, in accordance with the terms of that Permanent Global Instrument, is exchangeable for Instruments in definitive form only in the limited circumstances as contemplated therein  
[Temporary Global Instrument exchangeable for a Permanent Global Instrument, which, in accordance with the terms of that Permanent Global Instrument, is exchangeable for Instruments in definitive form only in the limited circumstances as contemplated therein.]

### Agents and Other Parties

- 23 Custodian Account Details: [Account details] at [Deutsche Bank Luxembourg SA]
- 24 [Servicer: [Deutsche Bank Luxembourg SA][Not Applicable – there will be no Servicer appointed with respect to the Instruments]
- 25 [Calculation Agent: [Details][Give name, address and significant business activities of the calculation agent together with a summary, if applicable, of the calculation agent's responsibilities, their relationship with the Collateral Obligor or the Hedging Counterparty (whichever is relevant) and a summary of the provisions relating to termination of the appointment of such entity/provisions for appointing an alternative].]
- 26 [Paying Agent and Specified Office: [Deutsche Bank AG, London Branch]  
[Deutsche Bank Luxembourg SA]  
[Relevant if the Instruments are listed and the rules of the relevant stock exchange require a paying agent in such jurisdiction]
- 27 [Listing Agent: [Details (name and address)]]
- 28 [Common Depositary and Specified Office: [Details]]

### Distribution

- 29 [Application of TEFRA or TEFRA rules: [TEFRA C restrictions applicable]  
[TEFRA D restrictions applicable]]
- 30 [Total commission and concession: [[Up to][●] per cent. of the Aggregate Nominal Amount][●]]

### Miscellaneous

- 31 Separate Compartment: A separate compartment has been created by the board of directors of the Company in respect of the Instruments (“**Compartment [●]**”). Compartment [●] is a separate part of the Company’s assets and liabilities. The Collateral (relating to the Instruments) is exclusively available to satisfy the rights of the holders of the Instruments (in accordance with the terms and conditions set out in these Final Terms) and the rights of the creditors whose claims

have arisen at the occasion of the creation, the operation or the liquidation of Compartment [●], as contemplated by articles 5.10 and 9 of the articles of incorporation of the Company.

32 [Type of Instruments:

[Typical Securities – As of the date of these Final Terms, the Italian tax regime applying to payments of interest in respect of the Instruments is governed by legislative Decree No. 239 on the basis that such Instruments qualify as Typical Securities. As a consequence, under the provisions of Decree No. 239, payments of interest in respect of the Instruments may be subject to a substitute tax (*imposta sostitutiva*) at the rate of 20 per cent. in the Republic of Italy depending on the circumstances of the relevant Instrumentholder. However, in the event that the Italian fiscal authorities in the future decide that the Instruments no longer qualify as Typical Securities, the Instruments will instead qualify as Atypical Securities for Italian tax purposes as more fully described in the section of the Base Prospectus entitled “Italian Taxation”.]

[Atypical Securities – As of the date of these Final Terms, the Instruments will qualify as Atypical Securities for Italian tax purposes and may be subject to a withholding tax levied at the rate of 20 per cent. as more fully described in the section of the Base Prospectus entitled “Italian Taxation”.]

*[Only relevant if the Instruments are to be offered into Italy or to Italian investors]*

Signed on behalf of the Issuer:

By: .....

Duly authorised

### **Underwriting**

*[Include name and address of entities agreeing to underwrite the issue on a firm commitment basis, and name and address of entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements, where known, together with details of the relevant purchase date of the Instruments under the relevant subscription or underwriting agreement, material features of the underwriting agreement including quotas, indication of the overall amount of the underwriting commission and the placing commission. Where not all of the issue is underwritten, include a statement of the portion not covered.]*

### **Secondary Trading**

[●] in its capacity as financial intermediary, may engage in subsequent resale or final placement of the securities in [Austria][Italy][Spain][Portugal][Belgium][Germany][Poland][Switzerland] during the period commencing on [●] and ending on [●] [subject to *[insert any relevant conditions attached to the Issuer's consent]*].

## PART B – OTHER INFORMATION

### 1 Listing and Admission to Trading

- (i) Listing: [Luxembourg][●][None]
- Admission to trading: [Application has been made for the Instruments to be admitted to trading on][Application is expected to be made for the Instruments to be admitted to trading on][the regulated market of the Luxembourg Stock Exchange][●] with effect from [the Issue Date or thereabouts][●].] [Not Applicable.]
- [N.B. The concept of admission to trading will be Not Applicable for Instruments listed on the [Professional Securities Market].]*
- [Where documenting a fungible issue need to indicate that original securities are already admitted to trading if Instruments have denomination of less than €100,000.]*
- (ii) Estimate of total expenses related to admission to trading:<sup>1</sup> [●]

### 2 Ratings

- Ratings [The Instruments to be issued have [not] been rated:
- [S & P: [●]]
- [Moody's: [●]]
- [DBRS: [●]]
- [[Other]: [●]]
- [and endorsed by [●]] (*Insert this wording where one or more ratings included in the Final Terms has been endorsed by an EU registered credit rating agency for the purposes of Article 4(3) of the CRA Regulation*)
- [The Instruments to be issued are expected to be rated on or about the Issue Date by [S&P entity][Moody's entity][DBRS entity][other]. The rating of the Instruments on or about the Issue Date will be published on the website of [the Luxembourg Stock Exchange (www.bourse.lu)][●] and on the website [www.it.investmentprodukte.db.com][●] on or about the Issue Date. No assurance is given that the Instruments will have a particular rating, or any rating at all, on or about the Issue Date.]
- [Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]<sup>2</sup>*

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<sup>1</sup> Delete if the minimum denomination is less than EUR100,000.

<sup>2</sup> Delete if the minimum denomination is EUR100,000.

*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, although the result of such application has not yet been determined.]*

*[[Insert credit rating agency/ies][Moody's entity][S&P entity][DBRS entity] [is]/[are] established in the European Union and registered under Regulation (EC) No 1060/2009.]  
[[Insert credit rating agency/ies] [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC) No 1060/2009.]*

*[The above disclosure should reflect the rating allocated to Instruments issued under the Programme generally or, where the issue has been specifically rated, that rating.]*

**3 [Notification]**

The CSSF [has been requested to provide/has provided]<sup>3</sup> the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]<sup>4</sup>

**4 Interests of Natural and Legal Persons involved in the Issue**

[Save for any fees payable to the Arranger, so far as the Issuer is aware, no person involved in the issue of the Instruments has an interest material to the offer.][Insert details of any person that has a material interest in the offer and details of such interests]

**5 Estimated Net Proceeds and Total Expenses<sup>5</sup>**

(i) 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.)*

(ii) Estimated total expenses: [●] [Include breakdown of expenses]

**6 Historic Interest Rates (Floating Rate Instruments Only)**

*[Details of where the past and further performance of the underlying [LIBOR/EURIBOR/BLG – Non-revised Consumer Price Index—Health Index (CPI)/EUR – Excluding Tobacco-Non-revised Consumer Price Index/BLG – Non-revised Harmonised Consumer Price Index (HICP)/ESP – National- Revised Consumer Price Index (CPI)/FRC – Excluding Tobacco-Non-Revised Consumer Price Index/GBP – Non-revised Retail Price Index (UKRPI)/ITL – Inflation for Blue Collar Workers and Employees—Excluding Tobacco Consumer Price Index/USA – Non-revised Consumer Price Index – Urban (CPI-U)/SEK – Non-revised Consumer Price Index (CPI)] and its volatility can be obtained]*

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<sup>3</sup> Include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues.

<sup>4</sup> This is relevant where the document is to be passported into other countries in the EEA.

<sup>5</sup> Delete if the minimum denomination is EUR100,000.

[Not Applicable – the Instruments are not Floating Rate Instruments]

## 7 **Operational Information**

- (i) ISIN Code: [•]
- (ii) Common Code: [•]
- (iii) Clearing Agent: [Euroclear Bank SA/N.V.] [and/or]  
[Clearstream Banking AG in Frankfurt am Main] [and/or]  
[Clearstream, Luxembourg]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [•]  
[Not Applicable – there are no additional Paying Agents]

## 8 **Terms and Conditions of the Offer**

- (i) [Total amount of the issue /offer: [•][*If the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.*]]
- (ii) [Maximum subscription amount/number of Instruments: [•]  
[Not Applicable]]
- (iii) [Subscription/Offering Period: [Applications to subscribe for Instruments may be made from [•] until [•] (the “**Primary Market End Date**”)] [The offer of the Instruments starts on [•] and ends on [•] (the “**Primary Market End Date**”). The Issuer reserves the right for any reason to reduce the number of Instruments offered.]
- (iv) [Cancellation of the issuance of Instruments: [The Issuer reserves the right for any reason to cancel the issuance of Instruments.]  
[Notice of early closure will be made to investors by means of a notice published on the website of [the Luxembourg Stock Exchange (www.bourse.lu)][•], on the website [www.it.investmentprodukte.db.com][•] and in accordance with the relevant Purchaser’s usual procedures.]  
[The issuance of Instruments is conditional, amongst other matters, on the Issuer receiving valid subscriptions for Instruments amounting to [an aggregate subscription value of at least [•]][an aggregate number of at least [•]] on or prior to the Primary Market End Date. In the event that this condition is not satisfied, the Issuer may cancel the issuance of the Instruments as of the Primary Market End Date.]
- (v) [Early closing of the subscription of the Instruments: The Issuer reserves the right for any reason to close the [Subscription/Offering] Period early. [If the aggregate subscription of the Instruments at any time on any business day prior to the Primary Market End Date reaches [•], the Issuer will close the subscription of the Instruments at such time on such business day, without prior notification.][The

Issuer will in its sole discretion determine the final amount of Instruments issued up to a limit of [●]. The final amount that are issued on the Issue Date are expected to be listed on the [●]. Instruments will be allotted subject to availability in the order of receipt of investors' applications. The final Aggregate Nominal Amount of the Instruments issued will be determined by the Issuer in light of prevailing market conditions, and in its sole and absolute discretion depending on the number of Instruments which have been agreed to be purchased as of the Primary Market End Date.]]

- (vi) [Conditions to which the offer is subject: [Offers of the Instruments are conditional on their issue]][(give details)]
- (vii) [Description of the application process: [Not Applicable]][(give details)]]
- (viii) [Details of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable]][(give details)]]
- (ix) [Details of the method and time limits for paying up and delivering the Instruments: [Not Applicable]] [Investors will be notified by [the Issuer]][(give details)] of their allocations of Instruments and the settlement arrangements. The Instruments will be issued on the Issue Date against payment to the Issuer of the net subscription price.]]
- (x) [Manner in and date on which results of the offer are to be made public: [Not Applicable]][(give details)]]
- (xi) [Non-exempt Offer/ Public Offer Jurisdictions: [Not Applicable]] [Offers may be made in [(give details)] [(the “**Public Offer Jurisdiction**”)] [(each a “**Public Offer Jurisdiction**”)]]
- (xii) [Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [Not Applicable]][(give details)]]
- (xiii) [Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable]][(give details)]]
- (xiv) [Any countries in which the offer is simultaneously made and if a tranche has been reserved for certain of these and name(s) and address(es), to the extent known to the Issuer, of the Purchasers/distributors in the various countries where the offer

takes place:

**ANNEX – ISSUE SPECIFIC SUMMARY**

*(Issuer to annex completed issue specific summary as provided in the Base Prospectus)*

**REGISTERED OFFICE OF THE COMPANY**

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**PRINCIPAL AGENT**

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London EC2N 2DB  
United Kingdom

**CUSTODIAN AND SERVICER**

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