

PALLADIUM SECURITIES 1 S.A.

(a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg)

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).

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 2 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 25 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 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 Germany, Italy, Spain, Portugal, Belgium and Austria 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. Should any new information with respect to financial intermediaries unknown at the time of the approval of the Base Prospectus or 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).

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 127 to 130 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.

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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”.

[Certain provisions of this summary appear in brackets. Such information will be completed or, where not relevant, deleted, in relation to a particular Series of Instruments and the completed summary in relation to such Series of Instruments shall be appended to the relevant Final Terms.]

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 Germany, Italy, Spain, Portugal, Belgium and Austria 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>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.</p>

Section B – Issuer

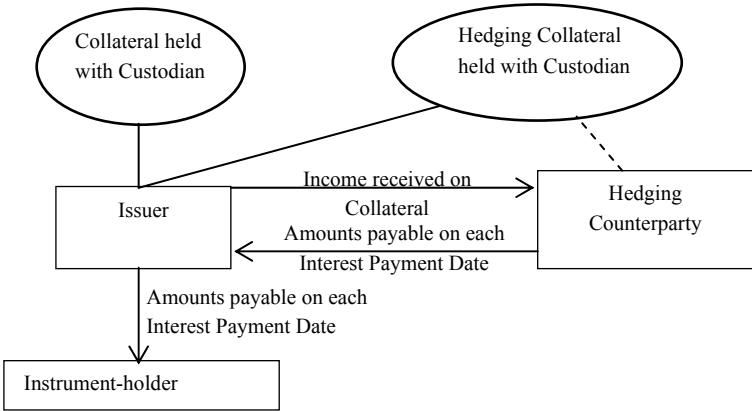
Element	Description of Element	Disclosure requirement

B.1	Legal and Commercial Name of the Issuer	Palladium Securities 1 S.A (the “ Company ”) acting in respect of a specified compartment.
B.2	Domicile /Legal Form /Legislation /Country of Incorporation	The Company is domiciled in Luxembourg and is a public limited liability company (société anonyme) 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	The Series of Instruments is [unrated] [rated by [S&P] [Moody’s] [●]]. [[S&P][Moody’s] 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 “ CRA Regulation ”).] [[●] [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.]
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	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. 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 “ Trustee ”). 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. [[Deutsche Bank AG, acting through its London Branch][Deutsche Bank AG, acting through its Frankfurt Branch] will act as [Hedging Counterparty,] [Calculation Agent,]

		<p>[Selling Agent] [and/or] [Dealer].]</p> <p>Deutsche Bank Aktiengesellschaft (“Deutsche Bank AG”) 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 “Deutsche Bank Group”).</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 2011 and 31 January 2012:</p> <p>Total Assets: 31 January 2011 – EUR 1,909,201,028 31 January 2012 – EUR 1,941,190,137</p> <p>Total Liabilities: 31 January 2011 – EUR 1,909,201,028 31 January 2012 – EUR 1,941,190,137</p> <p>Total Charges: 31 January 2011 – EUR 92,022,526 31 January 2012 – EUR 87,852,726</p> <p>Total income: 31 January 2011 – EUR 92,022,526 31 January 2012 – EUR 87,852,726</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 2012.
B.25	Description of underlying assets	<p>The Company acting in respect of one of its compartments (the “Issuer”) will use the proceeds from the issue of the Series of Instruments to purchase the Collateral which will form part of the Series Assets. The Series Assets for the Compartment will include the proceeds of the issue of the Series of Instruments, the Collateral, [the hedging agreement (the “Hedging Agreement”) between the Issuer and the hedging counterparty (“Hedging Counterparty”) in respect of the Series of Instruments,] [any hedging collateral] [and any proceeds from any relevant Hedging Agreement]. See item B.28 below.</p> <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>The Collateral for the Series of Instruments will consist of [a pool of] [bonds][notes][●] issued by [ThyssenKrupp AG][ArcelorMittal][Fiat SpA][Clariant AG][Lafarge SA][Peugeot SA][HeidelbergCement AG][Renault SA][RCI Banque SA][Franz Haniel & Cie GmbH][Banque PSA Finance SA][Ciments Francais SA][Royal Bank of Scotland Group][Nordea Bank AB][Swedbank AB][BPCE SA][ING Groep NV][Lloyds Banking</p>

		<p>Group PLC][ABN Amro Bank NV][Intesa Sanpaolo][Unicredit SpA][Banca Monte Dei Paschi Siena][UBI Banca SCPA][Hypothekebank Frankfurt International S.A][DEPFA ACS BANK][Compagnie de Financement Foncier (“CFF”)]][European Investment Bank][Banco Bilbao Vizcaya Argentaria SA][Banco Popolare – Società Cooperativa] [TUI AG][Banco Santander SA][Detusche Bank AG][Santander International Debt, S.A. Unipersonal][French Republic][Kingdom of Belgium][Italian Republic][Portuguese Republic][Kingdom of Spain][United Kingdom][Federal Republic of Germany][Republic of Ireland][Republic of Austria] as the Collateral Obligor[s] and cash deposits denominated in [●].</p> <p>[The][Each] Collateral Obligor has securities traded on a regulated or equivalent market.</p> <p>Collateral Obligor 1: European [corporate with a business of [●]] [bank] [sovereign country] [supranational organisation], which issued [senior] [[unsecured][secured]] [[bonds][notes][●]] on [●] due on [●] with ISIN: [●] which will form [all of] [part of] the Collateral. [The [loan to value ratio][level of collateralisation] of such securities is [●].]</p> <p><i>[Repeat information for all other Collateral Obligors and/or items forming part of the Collateral for a Series of Instruments]</i></p> <p>The Collateral will not consist of real property, therefore no valuation report relating to real property is included in the Base Prospectus, nor any description of the valuation of such real property.</p>
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 “ Instrumentholders ”) 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 “Series Instrument”) 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>Collateral</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>Security</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>[Hedging Agreement</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><i>[Insert if Hedging Agreement will be collateralised:</i> The Hedging Counterparty may be required to provide hedging collateral pursuant to the terms of the Credit Support Annex (“Hedging Collateral”) in order to support its obligations under the Hedging Agreement.]</p> <p><i>[Insert if “2-Way Hedging Collateral Posting” applicable:</i> 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><i>[Insert if no “2-Way Hedging Collateral Posting” will be applicable:</i> 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>
B.29	Description of cashflows and information on the	<i>[Insert, if no Hedging Agreement is entered into:</i> 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.]

	Hedging Counterparty	<p>[Insert, if Hedging Agreement is entered into: 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	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.

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 issued in [●].
C.5	Restrictions on free transferability	There are restrictions on sales of Instruments into, amongst other jurisdictions, the United States and the European Economic Area (including the United Kingdom, Belgium, Germany, Italy, Austria, Spain and Portugal). 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>Withholding Tax</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</p>

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.

Events of Default

The Instruments contain the following Events of Default:

- (a) default for a period of 14 days or more in the payment of any sum due in respect of the Instruments or any of them; or
- (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
- (c) events relating to the winding-up or dissolution of the Issuer or the Company or the appointment of an administrator.

Governing Law

The Instruments are governed by English law.

Status and Security

The Instruments are limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves.

The Instruments are secured by:

- (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 Annex, 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 the 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 the 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 and 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 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).]

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.

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

	<p><i>Passu Basis” shall apply:</i> The Trustee shall apply all moneys received by it in the following order:</p> <ul style="list-style-type: none"> (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 Agent on behalf of such holders; (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 (d) fourthly, in payment of the balance to the Issuer, <p>such ranking an “Instrumentholder Pari Passu Basis”]</p> <p><i>[Insert if “Hedging Counterparty Priority Default Flip” and “Instrumentholder Priority Basis” shall apply:</i> The Trustee shall apply all moneys received by it in the following order:</p> <ul style="list-style-type: none"> (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 the Instrumentholders or to a Clearing Agent on behalf of such holders; (c) thirdly, <i>pro rata</i> in payment of any amounts owing to the Instrumentholders; (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 (e) fifthly, in payment of the balance to the Issuer, <p>such ranking an “Instrumentholder Priority Basis”]</p> <p>Negative Pledge/Restrictions</p> <p>There is no negative pledge. However, for so long as any of the Instruments remains 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>
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C.9	Interest/ Redemption	<p>See item C.8 above for information on rights attaching to the Instruments.</p> <p>Interest</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 Interest Rate Switch Date and shall thereafter bear interest at a [fixed rate][floating rate] each] at the applicable Interest Rate, such interest being payable in arrear on each specified Interest Payment Date.</p> <p><i>Interest Rate</i></p> <p>[Insert in the case of a Fixed Rate]: The Interest Rate for the Instruments [[from the [Issue Date] [Primary Market End Date] to the Interest Rate Switch Date][from the Interest Rate Switch Date to the 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.]</p> <p>[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 Interest Rate Switch Date][from the Interest Rate Switch Date to the 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. 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>[“[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).]</p> <p>[“EURIBOR” means the rate for deposits in EUR which appears on the Reuters Screen EURIBOR01 Page (or any Successor Source).][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 Interest Rate Switch Date][from the Interest Rate Switch Date to the 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 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. 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>[“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</p>
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	<p>FRANKFURT”.]</p> <p>[“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=>”]</p> <p><i>[Insert if Floating Rate, “Structured Floating Rate (Range Accrual)” shall apply:</i> The Interest Rate for each Interest Period [[from the [Issue Date] [Primary Market End Date] to the Interest Rate Switch Date][from the Interest Rate Switch Date to the 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>“D” means the actual number of Business Days in the relevant Interest Period;</p> <p>“N” 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>“Specified Rate” will be [●].</p> <p><i>[Insert if “Structured Floating Rate (Leverage Factor)” is applicable:</i></p> <p><i>Leverage Factor</i></p> <p>The Interest Rate [[from the [Issue Date] [Primary Market End Date] to the Interest Rate Switch Date][from the Interest Rate Switch Date to the Maturity Date]] will also be subject to a Leverage Factor of [●].]</p> <p><i>[Insert if “Structured Floating Rate (CMS (30y-2y))” is applicable:</i></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 30 years, minus (ii) [insert Benchmark Rate] for a Representative Amount of the Specified Currency for a Specified Duration equal to 2 years.]]</p> <p><i>[Insert if “Structured Floating Rate (Aggregate Benchmark Rate)” is applicable:</i></p> <p>[The Interest Rate will be [the Margin of [●] [plus][minus]] the sum of [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><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>
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	<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 Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date.</p> <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>][<i>Range Accrual 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] [●]]</p> <p>[The Range Accrual Interest Determination Date will be the last day of each Interest Period.]</p> <p><i>[Insert if “Interest Rate Switch” is applicable:</i></p> <p><i>Interest Rate Switch Date</i></p> <p>The Interest Rate Switch Date for each Series of Instruments will be [●].]</p> <p>Redemption</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 Maturity Date which is [●].</p> <p><i>Early Termination of the Instruments</i></p> <p>The Instruments may be cancelled early in a number of circumstances:</p> <p>(A) <u>Collateral Default Event</u>: If 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”) (a “Collateral Default Event”), [the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount] [the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount together with interest accrued to the date fixed for cancellation in respect of each Instrument].</p> <p>(B) <u>Collateral early redemption</u>: If the Collateral is redeemed prior to the Maturity Date for any reason other than a Collateral Default Event (provided that if any of the Collateral comprises asset-backed securities then any deferral of principal in respect thereof becomes repayable prior to the stated maturity but in accordance with its terms shall not constitute a “default”), [the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount] [the Instruments shall be cancelled and the Issuer</p>
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	<p>shall pay the Early Termination Amount together with interest accrued to the date fixed for cancellation in respect of each Instrument].</p> <p>(C) <u>Cancellation for tax reasons</u>: 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 and the Issuer shall pay the Early Termination Amount] [the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount together with interest accrued to the date fixed for cancellation in respect of each Instrument].</p> <p>[(D) <u>Termination of the Credit Support Annex</u>: If the Credit Support Annex (if any) is terminated prior to the Maturity Date for any reason, [the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount] [the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount together with interest accrued to the date fixed for cancellation in respect of each Instrument].]</p> <p>[(E) <u>Early Termination of the Hedging Agreement</u>: If the Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement Termination Date, [the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount] [the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount together with interest accrued to the date fixed for cancellation in respect of each Instrument].]</p> <p>In any such case of early cancellation described in (A), (B)[,][or] (C)[, (D) or (E)] 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 all outstanding Instruments of the Series, (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.</p> <p>(F) <u>Event of Default</u>: 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.</p> <p><i>Early Termination Amount</i></p> <p>(I) 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] or a Collateral Default Event shall be an amount equal to such Instrument's <i>pro rata</i> 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:</p> <p>(A – B)</p> <p>Where:</p> <p>“A” is the Market Value Collateral; and</p> <p>“B” is the Early Termination Unwind Costs.</p>
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(II) The Early Termination Amount (if any) due in respect of each Instrument in all other circumstances shall be an amount in the Specified Currency (which may never be less than zero) determined by the Calculation Agent equal to such Instrument's *pro rata* share of the proceeds of redemption of the Collateral less the Early Termination Unwind Costs. [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.]

“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);]

(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.

“Early Termination Valuation Date” means:

(a) for the purposes of a cancellation due to a Collateral Default Event, a Collateral early termination[,][or] a cancellation for tax reasons[, a termination of the Credit Support Annex or an early termination of the Hedging Agreement], 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, 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.

[Insert if “Issuer Call Option” is applicable:

Optional Early Redemption of Instruments

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.

Optional Redemption Amount

		<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"> <thead> <tr> <th>Optional Redemption Date</th> <th>Optional Redemption Amount per Instrument</th> </tr> </thead> <tbody> <tr> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>[●]</td> <td>[●]</td> </tr> </tbody> </table> <p>]</p> <p>Payments in respect of Global Instruments</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>Payments in respect of Instruments in definitive form</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>Meetings</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. See item C.9 above for information on interest and redemption.						
C.11	Trading of securities	[Application has been 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] [●].] [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 obligor [or guarantor] of the Collateral (as this will affect the value of the Collateral held as security for the Instruments), 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, 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.

Section E – Offer

Element	Description of Element	Disclosure requirement
E.2b	Reasons for the offer and	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

	use of proceeds	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 [●] and [●], respectively. Payments by investors in respect of the purchase of the Instruments shall be made by [●]. The results of the offer will be published in [●] on [●]. 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 distribution fee of [●] 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 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.

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

An investment in the Instruments involves risks. These risks may include, among others, equity market, bond market, foreign exchange, interest rate, market volatility, investment risk and political risks (which may include a change of tax treatment) and any combination of these and other risks. Some of these are briefly discussed below. You should be experienced with respect to transactions such as the Instruments, and understand the risks associated with the economic terms of the Instruments and the risks associated with the way in which the issue of the Instruments is structured. You should only reach an investment decision after careful consideration, with your legal, tax, accounting and other advisers, of (i) the suitability of an investment in the Instruments in the light of your own particular financial, fiscal and other circumstances, (ii) the information set out in this document and (iii) if applicable, the Collateral, any Hedging Agreement and any other Series Assets. Nothing in this Base Prospectus should be construed as advice.

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

3.1 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 your home jurisdiction and/or (ii) 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.

3.2 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 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.

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 (CMS (30y-2y)), investors are exposed to the risk that the applicable Benchmark Rate for a Specified Duration of 30 years converges to the applicable Benchmark Rate for a Specified Duration of 2 years. 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 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.

3.3 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 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.

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 Country and Regional Risk of the Collateral:** The price and value of 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.
- 4.1.4 Final Redemption and Collateral:** On the Maturity Date of the Instruments the 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 thereof will be used to pay the Final Redemption Amount in respect of each Instrument being the nominal amount of a 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 this case, to the extent that the Issuer or the Selling Agent is not able to realise the Collateral on the secondary market or 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 the other Series Assets after deduction of all prior ranking amounts. Such amounts may be substantially lower than the Final Redemption Amount of the Instruments and any outstanding Interest Amount and may be zero.
- 4.1.5 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 high yield bond issuer 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 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. 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 annex 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 Annex, 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 Annex 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 mark 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 Annex 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.

4.3 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 104 to 105 and 146 to 158 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 104 to 105 and 146 to 158 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.

4.4 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.

4.5 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.

4.6 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 6.2. You should be aware that no principal protection will apply and the Early Termination Amount may be zero.

8 Ratings

8.1 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.

8.2 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 6.4 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 7.4.1, 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 7.4, cancel all of those Instruments. Disclosure in this Base Prospectus concerning the taxation of Instrumentholders resident in Luxembourg, Belgium, Germany, Italy, Austria, Portugal and Spain 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 Issuer and other non-U.S. financial institutions through which payments on the Instruments are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made on or after 1 January 2017 in respect of (i) Instruments issued on or after 1 January 2013 and (ii) any Instruments which are treated as equity for U.S. federal tax purposes (whenever issued) pursuant to the U.S. Foreign Account Tax Compliance Act (“**FATCA**”) or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (“**FFI**”) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the Issuer a participating FFI), (ii) the Issuer has a positive “passthu percentage” (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of such Issuer, or (b) any FFI through which payment on such Instruments is made is not a participating FFI.

11 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.

12 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.

13 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 above the level of the Minimum Interest Rate and above 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 (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 Note 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) at either
 - (1) a fixed interest rate; or
 - (2) a floating interest rate; or
 - (3) a structured floating rate which may be either
 - (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 a Specified Duration of 30 years, minus (ii) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to 2 years (**Structured Floating Rate (CMS (30y-2y))**); or
 - (d) the sum of two different Benchmark Rates (**Structured Floating Rate (Aggregate Benchmark Rate)**); or
- (ii) no periodic interest payment during the term of the Instrument (zero coupon Instrument); and
- (ii) 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.

(b) Interest Payments

Each Interest Amount payable (if any) 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. 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 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.

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, 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 to 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).

(d) Early Redemption

If the Collateral (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 the Hedging Agreement is terminated prior to the Maturity Date (see section 8 below for more details), the Instruments shall be mandatorily redeemed and the Series Assets shall be subject to realisation by the Selling Agent. The redemption amount (referred to as the Early Termination Amount – see section 9 below) payable to Instrumentholders in these circumstances will be their pro rata share of the proceeds of realisation of the 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. 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.

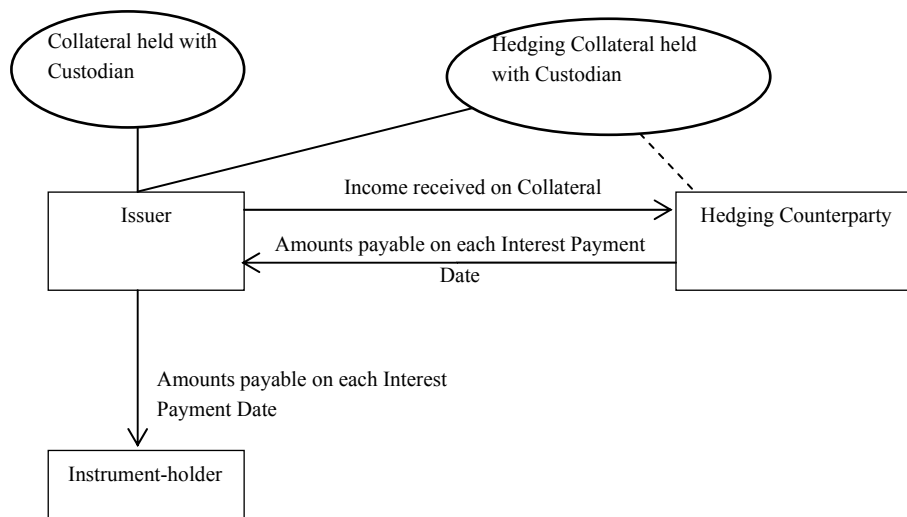
4 Transaction Structure

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 may directly be made from the issuer of the Collateral, the dealers in the primary market or from any other holders of the Collateral in the secondary market. The 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, 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 Series Assets minus prior ranking payments and any commissions or expenses due to the Selling Agent in connection with the realisation of the Series Assets (see section 10 below). The Early Termination Amount may be lower than the nominal amount of the Instruments 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 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. The Collateral will pay a fixed and/or floating interest rate and/or may be zero coupon debt instruments. 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. 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.

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

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.

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 Annex 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 Annex 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 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 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 for a period of 14 days or more in the payment of any sum due in respect of the Instruments or any of them; 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 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) the Collateral is redeemed prior to the Maturity Date for any reason other than pursuant to (a) above (provided that if any of the Collateral comprises asset-backed securities then any deferral of principal in respect thereof becomes repayable prior to the stated maturity but in accordance with its terms shall not constitute a “default”);
- (c) 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;
- (d) any Credit Support Annex entered into in connection with any Hedging Agreement is terminated prior to the Maturity Date for any reason;
- (e) any Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement Termination Date; or
- (f) 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) or (e) 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 all outstanding Instruments of such Series, (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.

8 Early Termination Amount

(I) 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 or a Collateral Default Event, 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; and

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

(II) The Early Termination Amount (if any) due in respect of each Instrument in all other circumstances shall be an amount in the Specified Currency (which may never be less than zero) determined by the Calculation Agent equal to such Instrument’s *pro rata* share of the proceeds of redemption of the Collateral less the Early Termination Unwind Costs. The Early Termination Amount may or may not include an amount equal to any accrued but unpaid interest, as so specified in the relevant Final Terms.

“**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.

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

(a) for the purposes of a cancellation due to a Collateral Default Event, a Collateral early termination, a cancellation for tax reasons, a termination of the Credit Support Annex or an early termination of the Hedging Agreement, 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, 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.

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 rate basis.

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 7.11.1, 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:

Document incorporated by reference	Pages of document incorporated by reference
Articles	All pages.
Annual accounts and independent auditor's report dated 31 January 2011	Page 2 (Management Report) Page 3 (Statement of the Board of Directors' Responsibility) Pages 4-5 (Independent Auditor's Report) Page 6 (Balance Sheet of the Company) Page 7 (Profit and Loss Account of the Company) Pages 8-14 (Balance Sheet of the Compartments) Pages 15-22 (Profit and Loss Account of the Compartments) Pages 23-52 (Notes to the Annual Accounts)
Annual accounts and independent auditor's report dated 31 January 2012	Pages 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)
Unaudited interim accounts dated 31 July 2012	Pages 2-6 (Directors' Report) Page 7 (Statement of the Board of Directors' Responsibility) Page 8 (Balance Sheet of the Company) Page 9 (Profit and Loss Account of the Company) Pages 10-20 (Balance Sheet of the Compartments) Pages 21-30 (Profit and Loss Account of the Compartments) Pages 31-69 (Notes to the Interim 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).

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.

Any information not listed in the comparative table of documents above but included in the documents incorporated by reference is given for information purposes only.

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

General Condition	Content
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, Deliveries, 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, Modification, 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 Obligation 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:

“**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.

“**Amortisation Yield**” is as specified in the relevant Final Terms, or if none is specified, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Instruments if they were discounted back to their issue price on the Issue Date.

“**Amortised Face Amount**” has the meaning given to that term in General Condition 7.2.1 (*Zero Coupon Instruments*).

“**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.

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

“Collateral Obligor” means each obligor listed in the Collateral Annex hereto.

“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.

“**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 7.4 (*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 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 7.4 (*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.

“**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*).

“**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 Annex, 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 Annex, 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.

“**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 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 Determination Date**” means, with respect to an Interest Period, unless otherwise specified in the relevant Final Terms, (i) if the Specified Currency is sterling, the first day of such Interest Period, (ii) if the Benchmark Rate is EURIBOR, the second day on which TARGET2 is open prior to the first day of such Interest Period and (iii) in all other cases, the day falling two Banking Days prior to the first day of such Interest Period.

“**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 Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date and, if interest is required to be calculated for a period ending other than on (but excluding) the relevant Interest Payment Date, the period commencing on (and including) the most recent Interest Payment Date to (but excluding) the relevant payment date.

“**Interest Rate**” means (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.

“**Interest Rate Switch Date**” means the 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.

“**Leverage Factor**” means, where applicable, the number specified in the relevant Final Terms.

“**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, 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.

“**Maturity Date**” means 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.

“**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.

“**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.

“**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.

“**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.

“**Range Accrual Interest Determination Date**” means, with respect to an Interest Period, the last day of such Interest Period.

“**Redemption Amount**” means the Final Redemption Amount, Early Redemption 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 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 or Range Accrual 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 Relevant 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 (CMS (30y-2y))” 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 30 years, minus (ii) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to 2 years, 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 or Range Accrual 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 Relevant Currency in the interbank market in the Relevant Financial Centre.

“**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 or Range Accrual 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.

“**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 or Range Accrual 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 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.

“**U.S. Persons**” or individually a “**U.S. 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 depository 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 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 REGULATIONS 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 REGULATIONS 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 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 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 the 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 the 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 5.4 (*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 falling immediately prior to the first day 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. 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 falling immediately prior to the first day 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. 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 Range Accrual 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.

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 specified in the relevant Final Terms for a Series of Instruments, from and including the Interest Rate Switch Date, the Interest Rate applicable for the calculation of interest for each remaining 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 initial Interest Rate applicable to the Instruments shall no longer apply.

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 determine the Interest Rate using Linear Interpolation.

5.5.2 As soon as practicable after the Relevant Time on each Interest Determination Date, Range Accrual 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 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 will 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 that would have been published on the next Interest Determination Date or Range Accrual Interest Determination Date, as applicable. 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 (as described in General Condition 7.2.1 (*Zero Coupon Instruments*) below).

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 U.S. dollars, payments in respect thereof may be made at the Specified Office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with Specified Offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the 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

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.

7.2 Early Termination

7.2.1 Zero Coupon Instruments:

- (a) The Early Termination Amount payable in respect of any Zero Coupon Instrument prior to the Maturity Date, upon redemption of such Instrument pursuant to General Condition 7.3 (*Mandatory cancellation*) or General Condition 7.4 (*Cancellation for taxation and other reasons*) or upon it becoming due and payable as provided in General Condition 12 (*Events of Default*), shall be the Amortised Face Amount (calculated as provided below) of such Instrument.
- (b) Subject to the provisions of sub-paragraph (c) below, the Amortised Face Amount of any such Instrument shall be the scheduled Final Redemption Amount of such Instrument on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Instruments if they were discounted back to their issue price on the Issue Date) compounded annually.
- (c) If the Early Termination Amount payable in respect of any such Instrument upon its redemption pursuant to General Condition 7.3 (*Mandatory cancellation*) or General Condition 7.4 (*Cancellation for taxation and other reasons*) or upon it becoming due and payable as provided in General Condition 12 (*Events of Default*) is not paid when due, the Early Termination Amount due and payable in respect of such Instrument shall be the Amortised Face Amount of such Instrument as defined in sub-paragraph (b) above, except that such sub-paragraph shall have effect as though the date on which the Instrument becomes due and payable were the relevant date for redemption. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the relevant date for redemption, unless the relevant date for redemption falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Instrument on the Maturity Date together with any interest that may accrue in accordance with General Condition 5.6 (*Zero Coupon Instruments*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

7.2.2 Other Instruments:

(I) The Early Termination Amount (if any) due in respect of each Instrument payable in respect of any Instrument (other than Instruments described in General Condition 7.2.1 (*Zero Coupon Instruments*) above) following the occurrence of an Event of Default, an early termination of the Hedging Agreement or a Collateral Default Event, 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; and

“B” is the Early Termination Unwind Costs.

(II) The Early Termination Amount (if any) due in respect of each Instrument in all other circumstances shall be an amount in the Specified Currency (which may never be less than zero) determined by the Calculation Agent equal to such Instrument’s *pro rata* share of the proceeds of redemption of the Collateral less the Early Termination Unwind Costs. The Early Termination Amount may, or may not include an amount equal to any accrued but unpaid interest, as so specified in the relevant Final Terms.

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 or becomes capable of being declared due and repayable prior to its stated date of maturity for whatever reason (provided that if any of the Collateral comprises asset-backed securities then if any amount of principal in respect thereof becomes repayable prior to the stated maturity of the security but in accordance with the terms thereof, such circumstances shall not be a relevant event for the purpose of this General Condition 7.3.1); 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),

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, 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, 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 has 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 Cancellation for taxation and other reasons

If:

- 7.4.1 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 confirmed in writing that their respective current rating(s) of such Instruments will not be adversely affected by such substitution or change of residence) used all reasonable endeavours to arrange (subject to and in accordance with General Condition 14.4 (*Substitutions*)) 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
- 7.4.2 the Credit Support Annex (if any) is terminated prior to the Maturity Date for any reason; and/or
- 7.4.3 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 7.4.1 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 7.4. 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).

7.5 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.

7.6 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.

7.7 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.

7.8 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.

7.9 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 7.9, 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.

7.10 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, 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 produced by such calculation (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 Annex, 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 Annex 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 Annex, 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 7.4 (*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 will have confirmed in writing that such change will not adversely affect its then current rating of such Instruments. 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 obligor or guarantor in respect of the Collateral 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); 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 discretion 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*).

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 Noteholders 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 Noteholders 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 Counterparty(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 Annex 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 Annex, 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 Annex, 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 Annex, 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 Annex 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 Annex 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 Trustee having received written confirmation from each Relevant Rating Agency that its then current rating of the Instruments will not be adversely affected by any 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 7.4 (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 confirmed in writing that such issue or creation would not adversely affect its then current rating of such Instruments;
- 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 confirmed in writing that such purchase, ownership, letting or acquisition by other means would not adversely affect its then current rating of such Instruments;
- 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 for a period of 14 days or more in the payment of any sum due in respect of the Instruments or any of them; 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.

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) 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 confirmed in writing that its then current rating of such Instruments will not be adversely affected 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 16 (*Notices and Provision of Information*).

The Trustee shall be entitled to assume, for the purpose of exercising any power, trust, duty or discretion under or in relation to this Condition 14.2, that any exercise of such power, trust, duty or discretion will not be materially prejudicial to the interests of the relevant Instrumentholders if each Relevant Rating Agency has confirmed in writing that its current rating(s) of the relevant Instruments then in force will not be adversely affected by such exercise.

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 confirmed in writing that its then current rating of such Instruments will not be adversely affected by 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 confirmed in writing that such change would not adversely affect its then current rating of such Instruments.

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) 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 confirmed in writing that its then current rating of such Instruments will not be adversely affected 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*)).

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 issuer or guarantor (where applicable) of any of the Collateral, 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 (Right of Third Parties) Act 1999.

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:

Ordinary Shareholders	No. of Ordinary Shares owned
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:

Director	Principal outside activities
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 filed with the Luxembourg trade and companies register on 6 August 2012 its last audited financial statements in respect of the period ending on 31 January 2012.

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 27 April 2012.

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”.

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 2013 by a resolution of the Board dated 27 April 2012, 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.

Luxembourg Taxation

The following overview is of a general nature and is included herein solely for information purposes. 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 28.80 per cent. for the fiscal year ending 31 December 2011. 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 always treated as interest, no matter whether the Instrumentholders actually hold Instruments.

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 (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. (as of 1 July 2011). 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. (as of 1 July 2011).

(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 subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. 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 course 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 course 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 20 December 2002 or 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 20 December 2002 or 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.

Federal Republic of Germany

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.

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 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 German Disbursing Agent), the investor will have to include the income received with respect to the Instruments in its 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 total income tax liability on all taxable income including the investment income determined by generally applicable individual progressive tax rates 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 considered for purposes of the withholding tax (see subsequent paragraph – *Withholding tax*) if the investor has filed a withholding tax exemption request (*Freistellungsauftrag*) with the respective credit or financial service institution where the securities deposit account to which the Instruments are credited is held. The deduction of related expenses for tax purposes is not possible.

If the Instruments are held as business assets (*Betriebsvermögen*) by an individual or corporate investor who 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 solidarity surcharge thereon) and trade tax. The trade tax liability depends on the applicable trade tax factor 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 by a German credit or financial services institution (*Kredit- oder Finanzdienstleistungsinstitut*) (or by a German branch of a foreign credit or financial services institution), or by a German securities trading business

(*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (each 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 possible.

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.

Losses from the Instruments held as private assets are tax-recognised irrespective of the holding period of the Instruments. The losses may, however, not be used to offset other income like employment or business income but may only be offset against investment income subject to certain limitations. However, in case where no payments are made to the investors on the maturity or redemption date (e.g., due to the limited recourse), any losses might not be recognised by the German tax authorities. 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 that 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 solidarity surcharge thereon) and trade tax. The trade tax liability 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. 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 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 another securities deposit account, 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 account bank was able and allowed to provide evidence for the investor's actual acquisition costs to the new 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 derived by German resident corporate investors and upon application by individual investors holding the Instruments as business assets.

Inheritance and gift tax

The transfer of Instruments to another person by way of gift or inheritance is 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*), 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 which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

Portugal

The following overview is of a general nature and is included herein solely for information purposes. 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 paid), 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 25% flat rate will be withheld when such income is paid or made available 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 of the same category 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, between 0 and 46.5 per cent – plus a 2.5 per cent surtax if the annual income arising to the holder of Instruments exceeds the amount of €153.300 – and 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 25% 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 25% 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, between 0 and 46.5 per cent, plus a 2.5 per cent surtax if the annual income arising to the holder of Instruments exceeds the amount of €153.300. 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 25% 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, between 0 and 46.5 per cent, plus a 2.5 per cent surtax if the annual income arising to the holder of Instruments exceeds the amount of €153.300. 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% 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 tax losses carried forward) at a rate of up to 25%. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5% 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.

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 tax losses carried forward) at a rate of up to 25%. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5% 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 tax losses carried forward) at a rate of up to 25%. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5% 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.

Spain

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 in tax years 2012 and 2013 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% for tax periods 2012 and 2013 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% for tax periods 2012 and 2013 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 Securities will be subject to Spanish withholding tax at 21% for tax periods 2012 and 2013 to be deducted by the financial entity appointed by the Issuer (if any) for redemption of the Securities, 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 years 2011 and 2012.

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 years 2011 and 2012. Therefore, they should take into account the value of the Instruments which they hold as at 31 December 2012, 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 shares 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.

Belgium

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 21 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). Belgian natural persons do not have to declare the interest on the Instruments in their personal income tax return, provided that they have elected for a withholding of the 4 per cent. additional tax on investment income (see below) in addition to the 21 per cent. Belgian withholding tax and provided that this additional tax has effectively been borne by the beneficiary of the interest income.

If the 4 per cent. additional tax on investment income has not been withheld in addition to the Belgian withholding tax, the holder of Instruments will be required to declare the interest income in his/her personal income tax return. Moreover, in such case, certain information (including the amount of interest income and the identity of the holder of instruments) will be communicated to a central contact point operated by the Belgian ministry of Finance (separated from the tax administrations) which in turn will communicate the relevant information to the tax administration on an annual basis (if the total amount of investment income communicated with respect to that holder in the relevant year exceeds the threshold of EUR 20,020 mentioned below) as well as on demand.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 21 per cent., increased with local surcharges (however, the Belgian federal government has approved a draft bill which, if adopted by the legislator, would abolish such local surcharges) and increased, as the case may be, with the 4 per cent. additional tax on investment income (see below).

The 4% additional tax on investment income referred to above can be summarized as follows. Belgian resident individuals who receive qualifying investment income (qualifying interest and qualifying dividends) in an amount exceeding EUR 20,020 (amount for income year 2012) on a yearly basis will be subject to an additional tax on investment income of 4 per cent. on the income exceeding EUR 20,020. Certain investment income is not subject to the additional tax on investment income, i.e. dividend income taxed at 25 per cent., liquidation bonuses, the part of interest on regulated savings accounts taxed at 15 per cent., the income from government bonds issued and subscribed between 24 November and 2 December 2011 and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts); however, this investment income is in principle first taken into account to determine whether the EUR 20,020 threshold is exceeded, except for liquidation bonuses, the income from the above mentioned government bonds and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts). Interest on the Instruments will be taken into account to calculate the EUR 20,020 threshold and will be subject to the 4 per cent. additional tax on investment income if and to the extent that the threshold is exceeded.

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 and will be taxed at a flat rate of 21 per cent. increased, as the case may be, with the 4 per cent. additional tax on investment income (see above).

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 21 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 21 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 21 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 in Belgium of the Instruments on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of 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.

Italy

The statements herein regarding taxation are based on the laws and/or practice in force as at the date of this Base Prospectus and are subject to any changes in law and/or practice occurring after such date, which

changes could be made on a retroactive basis. This summary will not be updated to reflect changes in law and/or practice and, if any such change occurs, the information in this summary could be superseded. 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 (such as dealers in securities or commodities) may be subject to special rules. **Prospective purchasers of the Instruments are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Instruments.**

Interest Income

Tax treatment of the Instruments qualifying as bonds or securities similar to bonds

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (“**Decree 239**”), provides for the tax treatment applicable to interest, premium and other income, including the difference between the redemption amount and the issue price (such interest, premium and other income collectively referred to as the “Instruments Income”) arising from instruments falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), including those issued by banks residing outside of Italy, provided that such securities are deposited with banks, qualified financial intermediaries (*SIMs*), fiduciary companies, asset management companies (*SGRs*), stockbrokers or the other entities identified with a decree of the Ministry of Finance (each an “Intermediary”). An Intermediary must (i) be resident in Italy, or be the Italian permanent establishment of a non-Italian resident financial intermediary, and (ii) intervene, in any way, in the collection of interest accrued on, or in the transfer of, the Instruments.

For this purposes bonds (*obbligazioni*) or debentures similar to bonds are defined as those securities, such as the Instruments, 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.

For the purpose of the application of Decree 239, a transfer of the Instruments includes any assignment or transfer, made 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.

Italian resident holders

Pursuant to Decree 239, a withholding tax, referred to as “*imposta sostitutiva*”, currently levied at a rate of 20% on Instruments Income accrued as of 1 January 2012, applies on Instruments Income cashed or deemed to be cashed upon disposal for a consideration of the Instruments by (i) an Italian individual not engaged in an entrepreneurial activity to which the Instruments are connected (unless the individual has opted to entrust the management of his financial assets, including the Instruments, with an Italian authorised financial intermediary and has opted for the *risparmio gestito* regime – see under Capital Gains Tax, *regime del risparmio gestito*), (ii) an Italian non-commercial partnership, (iii) an Italian non-commercial private or public institution, or (iv) an Italian investor exempt from Italian corporate income tax.

In case the holders falling under (i) to (iii) above, are engaged in an entrepreneurial activity to which the Instruments are connected, the Instruments Income is currently included in their overall year-end taxable income on an accrual basis. With respect to individuals doing business either directly or through a partnership, such taxable income is subject to personal income tax (IRPEF) that applies at the ordinary progressive rates (currently the top marginal rate is equal to 43%), additional surcharges depending on the holders’ region and municipality of residence and to the so called 3% solidarity surcharge (applicable on any income exceeding Euro 300,000 for the 2011-2013 tax periods, although the government is already empowered to extend its application to future years; “solidarity tax” is deductible from taxable income). With respect to private and

public institutions, such taxable income is subject to corporate income tax (IRES) currently levied at a rate of 27.5% (IRES rate may be increased from 27.5% up to 38% depending on the status of the holders).

Where an Italian resident holder is a company or similar commercial entity (or a permanent establishment in Italy of a foreign enterprise, to which the Instruments are effectively connected) and the Instruments are deposited with an Intermediary, the Instruments Income would not be subject to the *imposta sostitutiva*, but currently included in the holder's overall year-end income as accrued and is therefore subject to IRES. In addition, in certain circumstances, depending on the "status" of the holder (i.e., generally, in the case of banks or financial institutions), the Instruments Income is subject to a regional income tax (IRAP), generally levied at a rate of 3.9% (the higher 4.65% IRAP rate applies for banks and financial institutions and the higher 5.9% IRAP rate applies for insurance companies; in addition IRAP rate may be increased on a regional basis).

If the holder is an Italian pension fund subject to the regime provided under Legislative Decree No. 252 of 5 December 2005 and the Instruments are deposited with an Intermediary, the Instruments Income would not be subject to the *imposta sostitutiva* but currently included in the annual net accrued results of such pension fund, which are subject to a substitute tax 11%.

The *imposta sostitutiva* is withheld by the Intermediary intervening in the collection of the Instruments Income.

The Instruments Income received by (i) Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 25 January 1998, or (ii) pursuant to Law Decree No. 225 of 29 December 2010, an Italian resident open-ended or closed-ended investment fund, or a SICAV, is not subject to any withholding or substitute tax at the level of the fund.

Holders resident outside of Italy

No Italian tax is applicable to payments of Instruments Income made to a non-Italian resident holder that does not have a permanent establishment in Italy through which the Instruments are held. In case an Italian resident financial intermediary is involved in the collection of the Instrument Income, the exclusion of Italian taxation may be subject to the condition that the relevant holder of the Instrument makes a statement to that effect, if and when required according to the applicable Italian tax regulations.

Tax treatment of the Instruments qualifying as atypical securities

Atypical securities

The Instruments Income relating to 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 (so called "atypical securities") is subject to a final withholding tax, levied at the rate of 20%.

The 20% withholding tax would be levied on a provisional basis in the case of individuals engaged in an entrepreneurial activity to which the securities are connected and credited against the ordinary personal income tax due on the income relating to such securities. Such withholding tax would not apply with respect to payments made to a non-Italian resident holder that does not have a permanent establishment in Italy through which the Instruments are held, and to an Italian resident holder, which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution. Interest payments made to taxpayers falling under (i) to (iii) above, are currently included in their overall year-end taxable income and subject to their ordinary tax regime.

Tax treatment of Capital gains

Capital gains tax

Capital gains realised upon any disposal, sale or redemption of the Instruments is currently included in the overall taxable income of an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Instruments are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Instruments are connected. As such, they would be subject to corporate or personal income tax, as the case may be, at the rates illustrated above. In addition, in certain circumstances, depending on the “status” of the holder, they may also be subject to IRAP.

Capital gains arising from the disposal, sale or redemption of the Instruments realised by an Italian resident holder who is an individual not engaged in an entrepreneurial activity to which the Instruments are connected, are subject to a capital gains tax (*imposta sostitutiva*), currently levied at the rate of 20%, pursuant to one of the following regimes:

(i) Under the tax return regime (*regime della dichiarazione*), the capital gains tax is chargeable, on a cumulative basis, on all capital gains net of any incurred capital loss realised by any such taxpayer on the disposal, sale or redemption of the Instruments occurring in any given tax year. Such gain, net of any relevant incurred capital loss, must be reported in the year-end tax return and the tax must be paid on the capital gain together with any income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. However, pursuant to Law Decree No. 138 of 13 August 2011, converted into law with Law No. 148 of 14 September 2011 (“**Decree 138**”), capital losses realised until 31 December 2011, would only be deductible for an amount equal to 62.5% of such capital losses. This regime automatically applies if the holders do not expressly opt for one of the following regimes; or

(ii) Under the non-discretionary portfolio regime (*regime del risparmio amministrato*), such taxpayer may elect to pay the tax separately on capital gains realised on each sale or redemption of the Instruments. This separate taxation of capital gains is allowed subject to (x) the Instruments being deposited with an authorised Intermediary and (y) the taxpayer making a timely election in writing for the *regime del risparmio amministrato*, addressed to any such Intermediary. The Intermediary is then responsible for accounting for the tax in respect of capital gains realised on each disposal, 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, withholding and remitting to the Treasury the tax due. Losses may be deducted from capital gains subsequently realised within the same securities portfolio in the same tax period. Losses in excess can be carried forward in the following years up to the fourth, provided that, however, pursuant to Decree 138, capital losses realised until 31 December 2011, would only be deductible for 62.5% of their amount. Under the *regime del risparmio amministrato*, the holder is not required to report the capital gains in his annual tax return; or

(iii) Under the discretionary portfolio regime (*regime del risparmio gestito*), eligible when the Instruments are included in a portfolio discretionarily managed by an authorised intermediary, the 20% tax is paid on the appreciation of the investment portfolio accrued as of 1 January 2012 (including the gains realised on the disposal, sale or redemption of the Instruments). The tax is paid by the authorised Intermediary. Any depreciation of the investment portfolio accrued at year-end may be carried forward and netted against the appreciation accrued in any of the four succeeding tax years, provided that, however, pursuant to Decree 138, capital losses realised until 31 December 2011, would only be deductible for 62.5% of their amount. Under such regime, the holder is not required to report the gains realised in his year-end tax return.

Capital gains realised by Italian-resident pension funds, certain Italian investment funds and real estate funds from the disposal, sale or redemption of the Instruments are subject to the same tax regime described above under section “Interest Income.”

Capital gains realised by non-Italian resident holders from the sale or redemption of the Instruments are not subject to Italian taxation, provided that the Instruments are (i) held outside Italy or (ii) are traded on a regulated market.

Italian inheritance and gift tax

Pursuant to Law Decree No. 262 of 3 October 2006, as converted in law, with amendments, pursuant to Law No. 286 of 24 November 2006, a transfer of the Instruments by reason of death or gift is subject to an inheritance and gift tax levied on the value of the inheritance or gift, as follows:

- Transfers to a spouse or direct descendants or ancestors up to Euro 1,000,000 to each beneficiary are exempt from inheritance and gift tax. Transfers in excess of such threshold will be taxed at a 4% rate on the value of the Instruments exceeding such threshold;
- Transfers between relatives up to the fourth degree other than siblings, and direct or indirect relatives by affinity up to the third degree are taxed at a rate of 6% on the value of the Instruments (where transfers between siblings up to a maximum value of Euro 100,000 for each beneficiary are exempt from inheritance and gift tax); and
- Transfers by reason of gift or death of Instruments to persons other than those described above will be taxed at a rate of 8% on the value of the Instruments.

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 Euro 1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

Stamp Duty on the Instruments

Pursuant to Article 13(2-ter) of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (as amended with Law Decree No. 201 of 6 December 2011, converted into law with Law No. 214 of 22 December 2011), regulating the Italian stamp duty, a proportional stamp duty applies on the periodic reporting communications sent by Italian financial intermediaries to their clients (with the exception of pension funds and health funds) with respect to any financial instruments (including bonds, such as the Instruments) deposited therewith.

Such stamp duty is generally levied by the relevant financial intermediary, and computed on the market value of the financial instruments or, in case the market value cannot be determined, on their face or redemption values at the following rates: (i) 0.1% for 2012, with a cap of Euro 1,200 and (ii) 0.15% (with no cap) as from 2013. The stamp duty is levied on an annual basis and cannot be lower than Euro 34.20. In case of reporting periods of less than 12 months, the stamp duty is pro-rated.

Moreover, pursuant to Article 19(18-23) of Law Decree No. 201 of 6 December 2011, a similar duty applies, as of 2011, on the market value determined at the end of each year (or, in case the market value cannot be determined, on the face or redemption values) of any financial asset (including bonds such as the Instruments) held abroad by Italian resident individuals. Such duty will apply at the following rates: (i) 0.1% for 2012, and (ii) 0.15% as of 2013. A tax credit is granted for any foreign property tax levied abroad on such financial assets.

Prospective investors are urged to consult their own tax advisors as to the tax consequences of the application of these new duties on their investment in Instruments.

Austria

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. In both cases exemptions apply, regarding the loss of the residency status if the investor moves to an EU Member State and regarding withdrawals and other transfers from a securities account if an information procedure is fulfilled.

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.

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*).

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.

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.

United States

The Instruments have not been and will not be registered under the Securities Act and, subject to certain exceptions, the Instruments may not be offered or sold within the United States. Each Purchaser will be required to agree that it will not offer or sell any Instruments within the United States, except as permitted by the Purchase Agreement.

The Instruments are being offered and sold outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Series of Instruments, an offer or sale of Instruments within the United States by any Purchaser (whether or not participating in the offering of such Series of Instruments) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Instruments outside the United States. The Issuer and the Purchasers reserve the right to reject any offer to purchase the Instruments, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited. Instruments are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

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 legal 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 Member State by any measure implementing the Prospectus Directive in that 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.

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.

The Grand Duchy of Luxembourg

In addition to the cases described in the European Economic Area selling restrictions in which the Purchasers can make an offer of Instruments to the public in an EEA Member State (including the Grand Duchy of Luxembourg), the Purchasers can also make an offer of Instruments to the public in the Grand Duchy of Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Directive 2003/71/EC (the “**Prospectus Directive**”) into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* as competent authority in Luxembourg in accordance with the Prospectus Directive.

Republic of 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:

- (i) (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: 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, CONSOB Regulation No. 16190 of 29 October 2007, all as amended; and

- (ii) 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.

Article 100-bis of the Consolidated Financial Services Act affects the transferability of the Instruments in Italy to the extent that any placing of the Instruments is made solely with qualified investors and such Instruments are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Where this occurs, if these has not been published a prospectus compliant with the Prospectus Directive, purchasers of the Instruments who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorised person at whose premises the Instruments were purchased, unless an exemption provided for under the Consolidated Financial Services Act applies. 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.

Spain

The proposed offer of Instruments has not been registered with the 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 article 30 bis of Law 24/1988, of 28 July, on the Securities Market Law (Ley 24/1988, de 28 de Julio, del Mercado de Valores), article 38.1 of Royal Decree 1310/2005, of 4 November, on the admission of securities to official stock exchanges, listing, tender offers and prospectuses, both as amended, and any regulation issued thereunder.

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.

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 19 September 2012. 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 2012.
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 21 September 2012.
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, prior to the Implementation Date, a 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 2012 and 31 January 2011; 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).

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.

“**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.

“**Additional Security Document**” has the meaning given to that term in General Condition 7.3 (*Security*).

“**Affected Collateral**” means all such Collateral which has become repayable in accordance with paragraph 6.3 of the General Conditions or capable of being declared due and repayable prior to its stated maturity or in respect of which there is a payment default.

“**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.

“**Amortisation Yield**” is as specified in the relevant Final Terms, or if none is specified, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Instruments if they were discounted back to their issue price on the Issue Date.

“**Amortised Face Amount**” has the meaning given to that term in General Condition 7.2.1 (*Zero Coupon Instruments*).

“**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.

“**Banking Act**” means Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993.

“**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 Global Instrument**” has the meaning given to that term in General Condition 2.1 (*Form of Instruments*).

“**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 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.

“**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.

“**CMVM**” means the Portuguese Securities Market Commission.

“**CNMV**” means the Comisión Nacional del Mercado de Valores.

“**Código dos Valores Mobiliários**” means the Portuguese Securities Code.

“**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 payment default with respect to the Collateral (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 Obligor**” means each obligor listed in the Collateral Annex hereto.

“**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.

“**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 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 7.4 (*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 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 7.4 (*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.

“**Equivalent Rating**” means an equivalent rating as determined by the Relevant Rating Agency.

“**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-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.

“**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).

“**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*).

“**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 Annex, 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 Annex, 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.

“**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.

“**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 Determination Date**” means, with respect to an Interest Period, unless otherwise specified in the relevant Final Terms, (i) if the Specified Currency is sterling, the first day of such Interest Period, (ii) if the Benchmark Rate is EURIBOR, the second day on which TARGET2 is open prior to the first day of such

Interest Period and (iii) in all other cases, the day falling two Banking Days prior to the first day of such Interest Period.

“**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 Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date and, if interest is required to be calculated for a period ending other than on (but excluding) the relevant Interest Payment Date, the period commencing on (and including) the most recent Interest Payment Date to (but excluding) the relevant payment date.

“**Interest Rate**” means (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.

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

“**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.

“**Law**” means the Luxembourg law of 23 December 2005.

“**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.

“**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 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.

“**Maturity Date**” means 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.

“**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.

“**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 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.

“**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.

“**Programme**” means this programme for the issuance of secured notes.

“**Prospectus Directive**” means the Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU).

“**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.

“**Range Accrual Interest Determination Date**” means, with respect to an Interest Period, the last day of such Interest Period.

“**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 Redemption 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 designated by the Calculation Agent at the relevant time.

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

“**Related Trustee Series**” means a 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.

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined on an Interest Determination Date or Range Accrual 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 Relevant 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 (CMS (30y-2y))” 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 30 years, minus (ii) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to 2 years, 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 or Range Accrual 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 Relevant 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 5.1, with respect to any Floating Rate to be determined on an Interest Determination Date or Range Accrual 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.

“**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

“**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 or Range Accrual 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 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.

“**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.

ANNEX 1
COLLATERAL ANNEX

Each of the following entities shall be a “**Collateral Obligor**” 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
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: http://www.thyssenkrupp.com/en/konzern/index.html</p>	Issued in the normal course of its business.
ArcelorMittal	19, avenue de la Liberté, L-2930 Luxembourg R.C.S. Luxembourg B 82.454	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: http://www.arcelormittal.com/corp/who-we-are</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</p>	Issued in the normal course of its business.

			<p>insurance companies.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Milan Stock Exchange (Borsa Italiana). Further information on the Collateral Obligor can be found on its website: http://www.fiatspa.com/en-US/Pages/Home.aspx</p>	
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: http://www.lafarge.com/wps/portal/1-Groupe</p>	Issued in the normal course of its business.
Peugeot SA	75 avenue de la Grande Armée – 75116 Paris, France	France	<p>The Collateral Obligor manufactures automobiles and light commercial vehicles. The Collateral Obligor, through subsidiaries, also manufactures automobile components and motorcycles, and provides logistics and 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: http://www.psa-peugeot-citroen.com/en/the-group.</p>	Issued in the normal course of its business.
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:</p>	Issued in the normal course of its business.

			http://www.heidelbergcement.com/global/en/company/home.htm	
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: http://www.renault.com/Pages/index.aspx</p>	Issued in the normal course of its 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: http://www.rcibanque.com/english/groupe.php</p>	Issued in the normal course of its business.
Franz Haniel & Cie GmbH	Franz-Haniel-Platz 1, 47119 Duisburg, Germany	Germany	<p>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.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Frankfurt Stock Exchange. Further</p>	Issued in the normal course of its business.

			<p>information on the Collateral Obligor can be found on its website: http://www.haniel.de/content?NavigationTarget=navurl://dbc6da2838054cab2382e9e66cec2073</p>	
Banque PSA Finance SA	75 avenue de la Grande Armée – 75116 Paris, France	France	<p>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.</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: http://www.banquepsafinance.com/</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 market of the Paris Stock Exchange. Further information on the Collateral Obligor can be found on its website: http://www.cimfra.fr/ENG</p>	Issued in the normal course of its business.
Royal Bank of Scotland Group	36 St Andrew Square, Edinburgh, United Kingdom, EH2 2YB	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, 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</p>	Issued in the normal course of its business.

			information on the Collateral Obligor can be found on its website: http://www.rbs.co.uk/personal.ashx	
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: http://www.nordea.com</p>	Issued in the normal course of its 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, installment 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: http://www.swedbank.com</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</p>	Issued in the normal course of its business.

			regulated market of the Luxembourg Stock Exchange. Further information on the Collateral Obligor can be found on its website: http://www.bpce.fr	
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: http://www.ing.com</p>	Issued in the normal course of its business.
Lloyds Banking Group PLC	The Mound Edinburgh EH1 1YZ	United Kingdom	<p>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.</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: http://www.lloydsbankinggroup.com</p>	Issued in the normal course of its business.
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</p>	Issued in the normal course of its business.

			information on the Collateral Obligor can be found on its website: http://www.abnamro.nl	
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 Milan Stock Exchange. Further information on the Collateral Obligor can be found on its website: http://www.intesasanpaolo.com</p>	Issued in the normal course of its business.
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 Milan Stock Exchange. Further information on the Collateral Obligor can be found on its website: http://www.unicreditgroup.eu</p>	Issued in the normal course of its business.
Banca Monte Dei Paschi Siena	Piazza Salimbeni 3. 53100 Siena, Italy.	Italy	<p>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.</p> <p>The Collateral Obligor has financial instruments listed on the regulated market of the Milan Stock Exchange. Further information on the Collateral Obligor can be found on its website: http://www.mps.it</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 Milan Stock Exchange. Further information on the Collateral Obligor can be found on its website: http://www.ubibanca.it</p>	Issued in the normal course of its business.
Hypothesenbank 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 Hypothesenbank 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 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</p>	Issued in the normal course of its business.

			on the Collateral Obligor can be found on its website: http://www.eurohypo.lu	
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: http://www.depfa.com</p>	Issued in the normal course of its business.
Compagnie de Financement Foncier (“CFF”)	19, rue des Capucines, 75001 Paris	France	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	Issued in the normal course of its business.

			<p>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 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:</p>	
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			http://www.foncier.fr	
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: http://www.eib.org</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 object of the Collateral Obligor is to conduct business in retail banking, wholesale banking, asset management and private banking. It also operates in other sectors, such as insurance, real estate, operating leases, etc</p> <p>The Collateral Obligor's activity is mainly located in Spain, Mexico, South America and the United States</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: http://www.bbva.com</p>	Issued in the normal course of its business.
Banco Popolare – Società Cooperativa	Piazza Nogara 2, 37121 Verona, Italy	Italy	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	Issued in the normal course of its business.

			<p>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: http://www.bancopopolare.it</p>	
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: http://www.tui-group.com/en</p>	Issued in the normal course of its business.
Banco Santander SA	Paseo de Pereda, 9-12 39004 Santander Spain	Spain	<p>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 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: http://www.santander.com/</p>	Issued in the normal course of its business.
Deutsche Bank Aktiengesellschaft	Taunusanlage 12 60325 Frankfurt am	Germany	The Collateral Obligor is the parent company of a group consisting of banks, capital market companies, fund management companies, a	Issued in the normal course of its business.

	Main Germany		<p>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 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: http://www.db.com/</p>	
Santander International Debt, S.A. Unipersonal	Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain	Spain	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	Issued in the normal course of its business.

			<p>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: http://www.santander.com/</p>	
French Republic	<p>Palais de l'Elysee 55 Rue du Faubourg St Honore Paris, 75008 France</p>	France	<p>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 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: http://www.gouvernement.fr/</p>	<p>Issued by an Order (Arrêté) of the French Minister of the Economy and Finance (Ministre de l'économie et des finances)</p>
Kingdom of Belgium	<p>c/o Federal Public Service Finance Treasury – Debt Agency Kunstlaan 30, Avenue des Arts B-1040 Brussels Belgium</p>	Belgium	<p>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.</p> <p>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: http://www.belgium.be/en/</p>	<p>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</p>

				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".
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: http://www.senato.it/index.htm</p>	Issued pursuant to a decree of the Italian Ministry of Finance dated 21 June 2006.
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: http://www.portugal.gov.pt/en.aspx</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 31 December), the relevant Annual Budget

				Law and the relevant Resolution of the Council of Ministers.
Kingdom of Spain	Ministerio De Economía, 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: http://www.tesoro.es/en/index.asp</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.
United Kingdom	UK Debt Management Office Eastcheap Court 11 Philpot Lane London EC3M 8UD United Kingdom	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 market of the London Stock Exchange. Further information on the Collateral Obligor can be found on its website: http://www.dmo.gov.uk/</p>	Issued pursuant to the provisions of section 12 of the National Loans Act 1968.
Federal Republic of Germany	Bundesrepublik Deutschland - Finanzagentur GmbH Lurgiallee 5	Germany	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	Issued by auction through the Auction Group Bund Issues (<i>Bietergruppe Bundesemissionen</i>). Such auctions are governed by

	60439 Frankfurt/Main Germany		<p>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: http://www.bundesregierung.de/Webs/Breg/EN/Homepage/_node.html</p>	<p>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.</p>
Republic of Ireland	National Treasury Management Agency, Treasury Building, Grand Canal St. Dublin 2, Ireland	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</p>	<p>Issued under the National Treasury Management Agency Act 1990 and other statutes.</p>

			regulated market of the Irish Stock Exchange. Further information on the Collateral Obligor can be found on its website: http://www.gov.ie/	
Republic of Austria	Österreichische Bundesfinanzierungsagentur Ges.m.b.H Seilerstätte 24, A-1015 Vienna, P.O. Box 158 Austria	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: http://www.oebfa.at/en/Pages/default.aspx</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.

ANNEX 2
FORM OF FINAL TERMS

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)

(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

By subscribing to the Instruments, or otherwise acquiring the Instruments, a holder of Instruments expressly acknowledges and accepts that Palladium Securities 1 S.A. (the “**Company**” and acting with respect to Compartment [●], the “**Issuer**”) (i) is subject to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the “**Securitisation Act 2004**”) and (ii) has created a specific compartment (“**Compartment [●]**”) (in this respect, see paragraph 47 (*Separate Compartment*) of these Final Terms)) in respect of the Instruments to which all assets, rights, claims and agreements relating to the Instruments will be allocated. The holder of Instruments acknowledges and accepts the subordination waterfall and the priority of payment provisions included in the issuance documentation relating to the Instruments. Furthermore, the holder of Instruments acknowledges and accepts that it has only recourse to the assets of Compartment [●] and not to the assets allocated to other compartments created by the Company or to any other assets of the Company. The holder of Instruments acknowledges and accepts that once all the assets allocated to Compartment [●] have been realised, it is not entitled to take any further steps against the Company to recover any further sums due and the right to receive any such sum shall be extinguished. The holder of Instruments accepts not to attach or otherwise seize the assets of the Issuer allocated to Compartment [●] or to other compartments of the Company or other assets of the Company. In particular, no holder of Instruments shall be entitled to petition or take any other step for the winding-up, liquidation or bankruptcy of the Company, or any similar insolvency related proceedings.

Terms used herein shall be deemed to be as defined in the General Conditions set out in the Base Prospectus dated [●], which constitutes a base prospectus [as supplemented by the supplement to the Base Prospectus dated [●]] (a “**Base Prospectus**” for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) (and amendments thereto, including Directive 2010/73/EU)), 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 relevant Base Prospectus. A summary of the individual issue of the Instruments is annexed to these Final Terms. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus (as supplemented from time to time). The Base Prospectus is 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).

[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>)] <i>[Indicate amount of any expenses and taxes specifically charged to the purchasers of the Instrument]</i>
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	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] [Zero Coupon]
10	Change of Interest Basis:	[Applicable – the method by which Interest is determined shall alter during the life of the Instruments] [Not Applicable – the method of determining the Interest

will not change during the life of the Instrument]

[Interest Rate Switch Date:] [●]

[Insert description of change of interest rate]

- 11 Authorisation [Not applicable][*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*]

Provisions Relating to Interest

- 12 Type of Interest: [Fixed Rate]
[Floating Rate] [Structured Floating Rate]
[Zero Coupon]

[If the Interest Rate is fixed, use the following subparagraphs (i)-(v), 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]
[or, if any such day is not a Payment Day, the next following Payment Day]
- (iii) Fixed Amount[(s)]: [The Interest Amount is [●]]
- (iv) Day Count Fraction: [Actual/Actual (ISDA)]
[Actual/Actual (ICMA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360]
[30E/360]
[30E/360 (ISDA)]
- (v) Determination Date(s): The Determination Dates are [●] in each year.
[Not Applicable]
[Only relevant where Day Count Fraction is Actual/Actual (ICMA)]

[If the Interest Rate is floating rate and or structured floating rate, use the following subparagraphs (i)-(xiv) 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]
- (iii) Interest calculation method for short or long Interest Periods: [Linear Interpolation]
[Not Applicable – there are no short or long Interest Periods]
- (iv) Business Day Convention: [Floating Rate Business Day Convention]
[Following Business Day Convention]
[Modified Following Business Day Convention]
[Preceding Business Day Convention]
- (v) Business Day(s): London, New York, TARGET2 and Tokyo
- (vi) Relevant Financial Centre: [●]
- (vii) Margin(s): [+/-][●] per cent. per annum
- (viii) Relevant Rate: [Benchmark Rate] [Structured Floating Rate (CMS (30y-2y)) - as per sub-paragraph (x)]
- (ix) Benchmark Rate: [EURIBOR] [CHF-LIBOR] [EUR-LIBOR] [GBP-LIBOR] [USD-LIBOR] [EUR-CMS] [USD-CMS]
- [in the case of a sum of two Benchmark Rates insert: Structured Interest Rate (Aggregate Benchmark Rate) - as per sub-paragraph (x)]
- (x) Method of determining Relevant Rate: [Screen Rate Determination]
[CMS Rates Determination]

[If the floating interest rate is structured, use the following subparagraphs as applicable, otherwise delete such sub-paragraphs]

- (xi) 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 (CMS (30y-2y))**” 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 30 years, minus (ii) the Benchmark Rate for a Representative Amount of the Specified Currency for a Specified Duration equal to 2 years, 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 [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]].

(xii) Minimum Interest Rate: The Minimum Interest Rate is [●] per cent. per annum

(xiii) Maximum Interest Rate: The Maximum Interest Rate is [●] per cent. per annum

(xiv) Day Count Fraction: [Actual/Actual (ISDA)]

[Actual/Actual (ICMA)]

[Actual/365 (Fixed)]

[Actual/360]

[30/360]

[30E/360]

[30E/360 (ISDA)]

(xv) 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] [●]]

[Not Applicable – the Range Accrual Interest Determination Date shall be determined in accordance with General Condition 5.]

[Insert regular payment dates]

(xvi) Banking Days: [●]]

[If the Instrument is zero coupon, use the following subparagraph (i), otherwise delete such sub-paragraph]

(i) [Amortisation Yield: [●]]

Provisions Relating to Redemption

13 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: [●]

14 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]

Provisions Relating to Series Assets

15 (i) Collateral: [repeat this section for each item comprising the Collateral if there is a pool of securities comprising the Collateral]

- Collateral Obligor (full legal name, registered address): [Insert details from the Collateral Annex]
- Rating of the Collateral Obligor (by specified Rating Agency(ies)) [●]
- Country of incorporation of the Collateral Obligor: [Insert details from the Collateral Annex]
- Nature of Business: [Insert details from the Collateral Annex]
- Market on which the Collateral Obligor has securities admitted to trading: [Insert details from the Collateral Annex of the regulated market on which the Collateral Obligor has any securities admitted to traded]
- Legal Nature of the [The Collateral [(ISIN: [●])] will comprise [debt

Collateral:	<p>securities][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.]</p> <p>[The Collateral is a [senior] [secured] [unsecured] debt obligation of the Collateral Obligor.] [As the Collateral Obligor is rated below investment grade, it is qualified as a high yield bond.]</p>
- Regular Payments on the Collateral and Currency:	<p>[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][●].</p> <p>The Collateral is denominated in [<i>insert currency</i>].</p>
- Issue Date of the Collateral	[●]
- Maturity Date or Expiry Date of Collateral:	[●]
- Amount of Collateral:	<p>[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][●].</p>
- Overall Issue Size of the Collateral:	[●]
- Date of transfer of the Collateral	<p>[<i>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</i>]</p>
- Method of creation of the Collateral	<p>[The Collateral was issued by the Collateral Obligor in the normal course of its business.]</p> <p>[<i>Insert if the Collateral Obligor is the Republic of Italy:</i> The Collateral was issued by the Collateral Obligor pursuant to a decree of the Italian Ministry of Finance dated 21 June 2006.]</p> <p>[<i>Insert if the Collateral Obligor is the Kingdom of Belgium:</i> 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</p>

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.]
		<i>[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.]</i>
	- Material relationships between the Issuer and any Collateral Obligor:	<i>[Insert details]</i> [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:	<i>[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]</i> [Not Applicable, the Collateral does not comprise equity securities]
	- Governing law of the Collateral:	[●]
	(ii) Series Assets:	[Collateral] [Issuer's rights under [Hedging Agreement dated Issue Date and,] Agency Agreement dated Issue Date]
	- Originator of the Collateral:	<i>[insert name, address and main business of the dealers]</i> [Not Applicable]
16	(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) Credit Support Annex	[Applicable – a Credit Support Annex shall be entered into in connection with the Hedging Agreement] [Not Applicable– the Issuer will not enter into a Credit Support Annex with the Hedging Counterparty in connection with the Instruments]
	(iii) 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 Annex] .

		[2-Way Hedging Collateral Posting – both the Issuer and the Hedging Counterparty may be required to post eligible credit support under the Credit Support Annex]
		[Not Applicable – the Issuer will not enter into a Credit Support Annex with the Hedging Counterparty in connection with the Instruments]
17	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

18	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.]
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Agents and Other Parties

19	Custodian Account Details:	[<i>Account details</i>] at Deutsche Bank Luxembourg SA
20	[Servicer:	[Deutsche Bank Luxembourg SA][Not Applicable – there will be no Servicer appointed with respect to the Instruments]
21	[Calculation Agent:	[<i>Details</i>][<i>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.</i>]]
22	[Paying Agent and Specified Office:	[Deutsche Bank AG, London Branch] [Deutsche Bank Luxembourg SA] [<i>Relevant if the Instruments are listed and the rules of the relevant stock exchange require a paying agent in such jurisdiction</i>]
23	[Listing Agent:	[<i>Details (name and address)</i>]]
24	[Common Depositary and Specified Office:	[<i>Details</i>]]

Distribution

- | | | |
|----|---------------------------------------|---|
| 25 | [Application of TEFRA or TEFRA rules: | [TEFRA C restrictions applicable]
[TEFRA D restrictions applicable]] |
| 26 | [Total commission and concession: | [[●] per cent. of the Aggregate Nominal Amount][●] |

Miscellaneous

- | | | |
|----|-----------------------|--|
| 27 | 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. |
|----|-----------------------|--|

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

[Deutsche Bank AG, Vienna Branch, Fleischmarkt 1, A-1010 Wien; Österreich][Deutsche Bank Österreich AG, Stock im Eisen-Platz 3, A-1010 Wien, Österreich][Deutsche Bank S.p.A. of Piazza del Calendario 3, 20126, Milan, Italy][Finanza & Futuro Banca S.p.A. of Piazza del Calendario 1, 20126, Milan, Italy][Deutsche Bank S.A.E., Paseo de la Castellana, 18, 20046 Madrid, Spain][Deutsche Bank Europe GmbH Belgian Branch, Avenue Marnixlaan 13-15, Brussels, Belgium][Deutsche Bank AG – Portugal Branch, Rua Castilho nº20 1250-069 Lisboa][Deutsche Bank AG, acting through its London Branch, Winchester House, 1 Great Winchester Street London EC2N 2DB][Deutsche Bank AG, acting through its Frankfurt Branch, Taunusanlage 12, 60325 Frankfurt am Main, Germany][●] in its capacity as financial intermediary, may engage in subsequent resale or final placement of the securities in

[Austria][Italy][Spain][Portugal][Belgium][Germany] 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 [the regulated market of the Luxembourg Stock Exchange][●] with effect from [●].] [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:¹ [●]

2 Ratings

- Ratings
- The Instruments to be issued have been rated:
- [S & P: [●]]
- [Moody's: [●]]
- [[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*)
- [Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*²
- 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][S&P] [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*

¹ Delete if the minimum denomination is less than EUR100,000.

² Delete if the minimum denomination is EUR100,000.

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]³ 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.]⁴

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 Expenses⁵**

(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] and its volatility can be obtained]

[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)]

(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: [•]

³ Include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues.

⁴ This is relevant where the document is to be passported into other countries in the EEA.

⁵ Delete if the minimum denomination is EUR100,000.

- [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.]
[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.]]
- (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 [Not Applicable]] [(give details)]

made:

(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: [Not Applicable][*(give details)*]]

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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