DEXIA CRÉDIT LOCAL

$20,000,000,000 Guaranteed U.S. Medium Term Note Programme

benefiting from an unconditional and irrevocable independent on-demand guarantee

by the States of Belgium, France and Luxembourg

Under the $20,000,000,000 Guaranteed U.S. Medium Term Note Programme (the "**Programme**") described in this Base Prospectus (this "**Base Prospectus**"), Dexia Crédit Local (the "**Issuer**" or "**DCL**"), subject to compliance with all relevant laws and regulations, may from time to time issue guaranteed medium term notes (the "**Notes**"). DCL is a limited liability company (*société anonyme*) incorporated under French company law. The aggregate nominal amount of Notes outstanding (issued under the Programme) will not at any time exceed $20,000,000,000 (or the equivalent in other currencies).

The States of Belgium, France and Luxembourg (each a "**Guarantor**" and together, the "**Guarantors**") will guarantee, severally but not jointly, each to the extent of its percentage share set forth in the Independent On-Demand Guarantee, dated 24 January 2013 (as amended, supplemented and/or restated from time to time, the "**Guarantee**"), and subject to the limitations set forth in Clause 3 thereof, payments of principal, interest and incidental amounts due with respect to the Notes. Only Notes benefitting from the State Guarantee may be issued under this Programme. The aggregate principal amount payable under the Guarantee is currently capped at EUR 85,000,000,000 for all obligations (including the Notes) issued by the Issuer and benefitting from the Guarantee outstanding at any time (together, the "**Guaranteed Obligations**"). For further information, see the section entitled "*The Guarantee*" in this Base Prospectus. The Issuer will, subject to certain exceptions, pay additional amounts in respect of any French taxes withheld. No additional amounts will be payable by the Guarantors if any payments in respect of any Note or the Guarantee become subject to deduction or withholding in respect of any taxes or duties whatsoever. The Issuer may, and in certain circumstances shall, redeem the Notes if certain French taxes are imposed. See "*Terms and Conditions of the Notes—Taxation*" and "*Terms and Conditions of the Notes—Redemption, Purchase and Options*".

Under the Programme, the Issuer may from time to time issue Notes in registered form only, denominated in Euro, US dollar, Canadian dollar, pound sterling, Japanese yen or Swiss franc, as agreed between the Issuer and the relevant Dealer (as defined below). The minimum denomination of each Note will be no less than $250,000 (or the equivalent in other currencies).

Notes may be issued on a continuing basis in series (each a "**Series**") to the dealer(s) specified under "*Overview of the Programme*" and any additional dealer(s) appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes. Each Series may be issued in tranches ("**Tranches**") on the same or different issue dates. The specific terms of each Tranche of Notes (which will be supplemented where necessary with supplemental terms and conditions) will be determined at the time of the offering of each Tranche based on the then prevailing market conditions, and the final terms relating to such Tranche will be set out in the relevant pricing supplement (each a "**Pricing Supplement**") substantially in the form of the pricing supplement set out in this Base Prospectus. One or more Dealers may purchase Notes from the Issuer for resale to investors and other purchasers at a fixed offering price set forth in the relevant Pricing Supplement or at varying prices reflecting prevailing market conditions. In addition, if agreed to by the Issuer and a Dealer, such Dealer may utilise reasonable efforts to place the Notes with investors on an agency basis. Potential investors should read this Base Prospectus, any applicable supplement(s) and the applicable Pricing Supplement carefully before investing in the Notes.

This Base Prospectus (as amended or supplemented from time to time) does not constitute a prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"), and may be used only for the purpose for which it is published. The purpose of the Base Prospectus in relation to Notes is to give information with respect to the issue of Notes. The Notes will be exempt from the Prospectus Directive pursuant to Article 1.2(d) thereof and the Notes will not be treated as being within the scope of the Prospectus Directive. Accordingly, the Base Prospectus prepared in connection with the Notes will not be approved by the Luxembourg *Commission de surveillance de secteur financier* (the "**CSSF**"), in its capacity as competent authority pursuant to Luxembourg law of 10 July 2005 on prospectuses for securities, as amended, implementing the Prospectus Directive into Luxembourg law. Applications may be made for one or more series of Notes 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. However, insofar as it relates to Notes, the Base Prospectus has not been, and will not be, approved by the CSSF as complying with the Prospectus Directive. **This Base Prospectus may not be used for any offering to the public or any admittance to trading on a regulated market of Notes in any jurisdiction which would require the approval and publication of a prospectus under the Prospectus Directive or similar document under applicable law.**

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during a period of 12 months from the date of this Base Prospectus 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 Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended, appearing on the list of regulated markets published by the European Securities and Markets Authority (a "**Regulated Market**"). Application may also be made to the competent authority of any other Member State of the European Economic Area ("**EEA**") for Notes issued under the Programme to be listed and admitted to trading on any other Regulated Market in such Member State. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be admitted to trading on a Regulated Market and, if so, the relevant Regulated Market in the EEA and/or the Member State(s) in the EEA where the Notes will be offered.

This Base Prospectus shall be in force for a period of one year from the date set out below. This Base Prospectus supersedes and replaces the Base Prospectus dated 29 June 2017 and all supplements thereto.

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") or any state securities laws, and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act, applicable U.S. state securities laws or pursuant to an effective registration statement. The Notes may be offered and sold outside of the United States to persons other than U.S. persons as defined in and in reliance on Regulation S and in the United States only to "qualified institutional buyers" (each, a "**QIB**") in reliance on, and as defined by, Rule 144A under the Securities Act ("**Rule 144A**") and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Base Prospectus, see "*Plan of Distribution*" and "*Transfer Restrictions*".

Unless otherwise specified in the applicable Pricing Supplement, the Notes will be issued in the form of one or more fully registered global securities (each, a "**Certificate**"), without coupons. Notes which are sold in the United States to QIBs ("**Restricted Notes**") will initially be represented by one or more permanent registered global certificates (each a "**Restricted Global Certificate**"), which will be deposited on the relevant issue date with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). Notes which are sold in an "offshore transaction" to persons other than U.S. persons as defined in and within the meaning of Regulation S ("**Unrestricted Notes**") will initially be represented by a registered global certificate (the "**Unrestricted Global Certificate**" and, together with the Restricted Global Certificate, the "**Global Certificates**"), which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through DTC, with a Custodian for, and registered in the name of Cede & Co. as nominee for, DTC, (b) in the case of a Series intended to be cleared through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"), with a common depositary (the "**Common Depositary**") on behalf of, or a common safekeeper (the "**Common Safekeeper**") for, Euroclear and Clearstream, and (c) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer(s). If an Unrestricted Global Certificate is to be held under the New Safekeeping Structure (the "**NSS**"), which is intended to be eligible collateral for the Eurosystem monetary policy, it will be delivered on or prior to the original issue date of the relevant Tranche to the

Common Safekeeper for Euroclear and Clearstream. Unrestricted Global Certificates which are not held under the NSS will be registered in the name of a nominee for, and deposited on the issue date of the relevant Tranche with the Common Depositary on behalf of, Euroclear and Clearstream.

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

This Base Prospectus must be read and construed together with any amendments or supplements hereto and any documents incorporated by reference herein (which can be found on the website of the Issuer), and in relation to any Tranche, this Base Prospectus should be read and construed together with the applicable Pricing Supplement.

Investing in the Notes involves certain risks. See the section entitled "*Risk Factors*" for a description of certain factors that should be considered by potential investors in connection with any investment in the Notes and the operation of the Guarantee, and any risk factors that may be described in any documents incorporated herein at a future date.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES, ANY OTHER UNITED STATES, FRENCH, BELGIAN, LUXEMBOURG OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE GUARANTEE OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Under no circumstances shall this Base Prospectus constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Notes, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification under the securities laws of any such jurisdiction.

The Notes constitute unconditional liabilities of the Issuer, and the related Guarantee constitutes an unconditional obligation of the Guarantors. None of the Notes or the Guarantee is insured by the U.S. Federal Deposit Insurance Corporation.

Arranger

DEUTSCHE BANK

Dealers

BARCLAYS
BOFA MERRILL LYNCH
CITIGROUP

DEUTSCHE BANK
GOLDMAN SACHS & CO. LLC
HSBC
J.P. MORGAN

MORGAN STANLEY
NOMURA
SOCIETE GENERALE CORPORATE & INVESTMENT BANKING

The date of this Base Prospectus is 25 June 2018

IMPORTANT NOTICES

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

Notice of the aggregate principal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set forth in the Pricing Supplement which will be delivered to the applicable regulatory authorities and with respect to listed Notes will be delivered to the relevant stock exchange on or before the relevant Issue Date of the Notes of such Tranche.

This Base Prospectus (as amended or supplemented from time to time) is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus. In addition, this Base Prospectus should, in relation to any Tranche of Notes, be read and construed together with the applicable Pricing Supplement.

Prospective investors hereby acknowledge that (i) they have been afforded an opportunity to request from the Issuer and to review, and have received, all additional information considered by them to be necessary to verify the accuracy of, or to supplement, the information contained herein, (ii) they have had the opportunity to review all of the documents described herein, and (iii) they have not relied on the Dealers or any person affiliated with the Dealers in connection with any investigation of the accuracy of such information or their investment decision.

This Base Prospectus has not been, and is not required to be, submitted to the French Financial Markets Authority (*Autorité des marchés financiers*) (the "AMF"), the CSSF or any other competent authority for approval as a "prospectus" pursuant to the Prospectus Directive.

The contents of this Base Prospectus should not be construed as investment, legal or tax advice. This Base Prospectus, as well as the nature of an investment in any Notes, should be reviewed by each prospective investor with such prospective investor's investment adviser, legal counsel and tax adviser.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus or for any act or omission of the Issuer or any other person in connection with the issue and offering of the Notes. Neither this Base Prospectus, any financial statements or any other information incorporated by reference is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any financial statements or any other information incorporated by reference should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of the Notes should be based upon such investigation as it deems necessary. None of

the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

Any reproduction or distribution of this Base Prospectus, in whole or in part, or any disclosure of its contents or use of any of its information for purposes other than evaluating a purchase of the Notes is prohibited without the express written consent of the Issuer.

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

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes where such offer or sale is not permitted.

The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including France, Belgium and the Grand Duchy of Luxembourg), the United Kingdom, Japan, Hong Kong and Singapore, see "*Plan of Distribution*" and "*Transfer Restrictions*" below. This Base Prospectus may not be used for any offering to the public or any admittance to trading on a regulated marked of Notes in any jurisdiction which would require the approval and publication of a prospectus under the Prospectus Directive or similar document under applicable law.

The Notes issued under the Programme and the Guarantee relating thereto are being offered and sold in offshore transactions to persons other than U.S. persons as defined in and in reliance on Regulation S and/or to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A. For a description of these restrictions and certain further restrictions on offers, sales and transfers of Notes and distribution of this Base Prospectus see "*Plan of Distribution*".

In the United Kingdom, this document is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, persons (i) having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or other persons to whom it may otherwise be lawfully communicated (all such persons together being referred to as "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of this document and should not act or rely on it.

BENCHMARKS

Amounts payable under the Floating Rate Notes may be calculated by reference to EURIBOR or LIBOR which are respectively provided by the European Money Markets Institute ("**EMMI**") and ICE Benchmark Administration Limited ("**ICE**"). As at the date of this Prospectus, ICE appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). EMMI does not appear on such register as at the date of this Base Prospectus. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that EMMI and ICE are not currently required to obtain authorisation or registration.

NOTICE TO INVESTORS—BAIL-IN

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements, or understanding between the Issuer and any holder of Notes, by its acquisition of the Notes, each holder acknowledges, accepts, consents and agrees to be bound by:

a) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority that may include and result in any of the following, or some combination thereof:

   i) the reduction of all, or a portion, of the principal amount of, or interest (if any) on, the Notes;

   ii) the conversion of all, or a portion, of the principal amount of, or interest (if any) on, the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the holder of the Notes of such shares, securities or obligations;

   iii) the cancellation of the Notes; and/or

   iv) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and

b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

For these purposes:

"**Bail-in Power**" is any write-down, conversion, transfer, modification or suspension power existing from time to time under any laws, regulations, rules or requirements in effect in France relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") as amended from time to time including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (*Ordonnance portant diverses dispositions d'adaptation de la legislation au droit de l'Union européenne en matière financière*) (as amended from time to time, the "**20 August 2015 Decree Law**"), Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from

time to time, the "**Single Resolution Mechanism Regulation**"), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (as defined below) (or an affiliate of such Regulated Entity) can be reduced (in part or whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

A reference to a "**Regulated Entity**" is any entity referred to in Section 1 of Article L.613-34 of the French *Code monétaire et financier* as modified by the 20 August 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

A reference to the "**Relevant Resolution Authority**" is to the *Autorité de contrôle prudential et de resolution* (the "**ACPR**"), the Single Resolution Board established pursuant to the Single Resolution Mechanism Regulation, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Powers from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

Despite the foregoing, the States would remain liable to perform their obligations under the Guarantee notwithstanding any write-down or conversion to equity of the Notes following an application of any Bail-in Power under the BRRD. Please see the risk factor entitled "*The Notes may be subject to write-down or conversion to equity in the context of a resolution procedure applicable to the Issuer*".

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II product governance", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

MIFID II ARTICLE 41(4) OF THE DELEGATED REGULATION

Differences between the Notes and bank deposits - The Notes do not constitute bank deposits and do not benefit from any protection provided pursuant to Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes or any national implementing measures implementing this Directive in France. In addition, an investment in the Notes may give rise to yields and risks that differ from a bank deposit. For example, the Notes are expected to have greater liquidity than a bank deposit since bank deposits are generally not transferable. However, the Notes may have no established trading market when issued, and one may never develop. Further, as a result of the implementation of the BRRD, holders of the Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool and non-viability loss absorption, however, the States would remain liable to perform their obligations under the Guarantee notwithstanding any write-down or conversion to equity of the Notes following an application of the bail-in tool under the BRRD. Please see the risk factor entitled "*The Notes may be subject to write-down or conversion to equity in the context of a resolution procedure applicable to the Issuer*".

FORWARD-LOOKING STATEMENTS

This Base Prospectus, including the documents incorporated by reference herein, includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "project", "intend", "estimate", "anticipate", "believe", "continue", "could", "should", "would" or the like. Although the Issuer believes that expectations reflected in its forward-looking statements are reasonable as of the date of this Base Prospectus, there can be no assurance that such expectations will prove to have been correct.

The risks described in this Base Prospectus are not the only risks an investor should consider. New risk factors emerge from time to time and it is not possible for the Issuer to predict all such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place any undue reliance on forward-looking statements as a prediction of actual results. Estimates and forward-looking statements refer only to the date when they were made, and the Issuer undertakes no obligation to update or review any estimate or forward-looking statement due to new information, future events or any other factors. Investors are warned not to place undue reliance on any estimates or forward-looking statements in making decisions regarding investment in the Notes.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes remain outstanding and are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, the Issuer will, during any period that it is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish, upon request, to any holder or beneficial owner of such restricted securities or any prospective purchaser designated by any such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuer at Tour CBX, La Défense 2, 1 Passerelle des Reflets, TSA 92202 - 92919 La Défense Cedex, France.

RESPONSIBILITY STATEMENT

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

None of the Guarantors has either reviewed this Base Prospectus or verified the information contained in it, and none of the Guarantors makes any representation with respect to, nor accepts any responsibility for, the contents of this Base Prospectus or any other statement made or purported to be made on its behalf in connection with the Issuer or the issue and offering of any Notes and Guarantee thereof. Each of the Guarantors accordingly disclaims all and any liability, whether arising in tort or

contract or otherwise, which it might otherwise have in respect of this Base Prospectus or any such statement.

FINANCIAL STATEMENTS

The financial statements of the Issuer incorporated by reference in this Base Prospectus are presented on the basis of International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and generally accepted accounting principles in France ("**French GAAP**"). For details of the financial information incorporated by reference into this Base Prospectus, see "*Documents Incorporated by Reference*" below. Significant differences may exist between each of IFRS and French GAAP, and generally accepted accounting principles in the United States ("**U.S. GAAP**"). The Issuer has not quantified the impact of these differences. Investors should be aware that these differences may be material in the interpretation of the financial statements and financial information contained herein and should consult their own professional advisors for an explanation of the differences between U.S. GAAP, on the one hand, and IFRS and French GAAP, on the other hand.

PRESENTATION OF CERTAIN INFORMATION

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "EUR" or "euro" are to the currency of the participating member states of the European Union, which was introduced on 1 January 1999; references to "£", "GBP", "pounds sterling" and "Sterling" are to the lawful currency of the United Kingdom; references to "$", "USD" and "U.S. dollars" are to the lawful currency of the United States; references to "¥", "JPY", "Japanese yen" and "Yen" are to the lawful currency of Japan; references to "CHF" and "Swiss francs" are to the lawful currency of Helvetic Confederation; and references to "CAD" and "Canadian dollars" are to the lawful currency of Canada.

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

None of the Arranger, the Dealers or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the EUR and the U.S. dollars will affect the EUR amounts received by holders of the Notes on conversion of interest and/or principal payment paid in U.S. dollars on the Notes. The following table shows the period-end, average, high and low Noon Buying Rates in New York City for cable transfers payable in foreign currencies as certified by the Federal Reserve Bank of New York (the "**Noon Buying Rates**") for the euro, expressed in U.S. dollars per one euro, for the periods and dates indicated.

	Noon Buying Rate			
	Period End	**Average[(1)]**	**High**	**Low**
Year:				
2013	1.3779	1.3281	1.3816	1.2774
2014	1.2101	1.3210	1.3927	1.2101
2015	1.0859	1.1096	1.2015	1.0524
2016	1.0552	1.1072	1.1516	1.0375
2017	1.2022	1.1301	1.2041	1.0416
Month:				
January 2018	1.2428	1.2197	1.2488	1.1922
February 2018	1.2211	1.1234	1.2482	1.2211
March 2018	1.2320	1.2334	1.2440	1.2216
April 2018	1.2074	1.2270	1.2288	1.2074
May 2018	1.1670	1.1823	1.2000	1.1551
June 2018 (through 15 June)	1.1616	1.1731	1.1815	1.1616

(1) *The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for annual averages; on each business day of the month (or portion thereof) for monthly averages.*

Source: Federal Reserve Bank of New York.

DIFFERENCES IN ROUNDING IN FINANCIAL INFORMATION

Individual figures (including percentages) appearing in this Base Prospectus have been rounded according to standard business practice. Figures rounded in this manner may not necessarily add up to the totals contained in a given table. However, actual values, and not the figures rounded according to standard business practice, were used in calculating the percentages indicated in the text. Therefore, in certain cases, the percentage figures appearing in the text may differ from the percentages that would be obtained based on values which have been rounded.

DOCUMENTS INCORPORATED BY REFERENCE

The Issuer has incorporated by reference in this Base Prospectus certain information that it has made publicly available, which means that it has disclosed important information to you by referring you to those documents. The information incorporated by reference is an important part of this Base Prospectus.

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

- the free English translation of the Issuer's 2017 Registration Document, the official French version of which was filed with the AMF on 27 April 2018 in accordance with Article 212-13 of the AMF's General Regulations, and which includes the Issuer's consolidated financial statements as at, and for the year ended 31 December 2017 and the related auditor's report (the "**Issuer's Annual Report 2017**");

- the free English translation of the Issuer's 2016 Registration Document, the official French version of which was filed with the AMF on 27 April 2017 in accordance with Article 212-13 of the AMF's General Regulations, and which includes the Issuer's consolidated financial statements as at, and for the year ended 31 December 2016 and the related auditor's report (the "**Issuer's Annual Report 2016**");

- the terms and conditions of the Notes contained on pages 33 to 58 of the Base Prospectus dated 1 July 2015 (the "**2015 Conditions**");

- the terms and conditions of the Notes contained on pages 32 to 56 of the Base Prospectus dated 5 July 2016 (the "**2016 Conditions**"); and

- the terms and conditions of the Notes contained on pages 31 to 55 of the Base Prospectus dated 29 June 2017 (the "**2017 Conditions**").

Copies of documents incorporated by reference in this Base Prospectus can be found on the website of the Issuer (www.dexia-creditlocal.fr) or obtained from the registered office of the Issuer and the specified office of the Fiscal Agent for the time being. This Base Prospectus and the documents incorporated by reference will also be published on the Luxembourg Stock Exchange website (www.bourse.lu). The information provided on the Issuer's website and on the website of the Luxembourg Stock Exchange (other than this Base Prospectus and the documents expressly incorporated by reference herein), or on any other websites referred to herein, is provided for information purposes only and is not incorporated by reference into, or otherwise included in, this Base Prospectus. No representation, warranty or undertaking is made and no responsibility or liability is accepted by the Arranger or the Dealers for the accuracy or completeness of such information.

Statements incorporated in any supplement to this Information Memorandum (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Information Memorandum or in a document which is incorporated by reference into this Information Memorandum. Any statement so

modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus. Any statement made in the documents incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this Base Prospectus.

TABLE OF CONTENTS

OVERVIEW OF THE PROGRAMME

The following overview of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the "Terms and Conditions" set out herein and in the applicable Pricing Supplement. Words and expressions defined under "*Terms and Conditions of the Notes*" shall have the same meanings in this section. This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole.

Issuer:	Dexia Crédit Local, a limited liability company (*société anonyme*) incorporated under French company law having its registered office in La Défense, France. The Issuer is registered as a company under the number 351804042 Nanterre (*Registre du Commerce et des Sociétés*). The Issuer is administered by a Board of Directors (*conseil d'administration*). DCL is part of the Dexia group of companies (the "**Dexia Group**"), the ultimate holding company being Dexia.
Guarantors:	The Kingdom of Belgium, the Republic of France and the Grand Duchy of Luxembourg.
Guarantee:	The Guarantors will severally, but not jointly, guarantee, each to the extent of its percentage share indicated in the Independent On-Demand Guarantee, dated 24 January 2013, payments of principal, interest and incidental amounts due with respect to the Notes (the "**Guarantee**") and subject to the limitations set forth in Clause 3 thereof. Only Notes issued on or before 31 December 2021 will benefit from the Guarantee. The Guarantee is an unconditional and irrevocable on-demand guarantee. For further information, see the section entitled "*The Guarantee*" in this Base Prospectus.
Guarantee Limit:	The aggregate principal amount of the outstanding Guaranteed Obligations (as defined below, including, but not limited to the Notes issued under the Programme) may not, at any one time, exceed the following limits, it being understood that the interest and incidental amounts due on the principal amounts so limited are guaranteed beyond these limits: 1. EUR 85 billion for the three Guarantors in aggregate; 2. EUR 43,698,500,000 for the Kingdom of Belgium; 3. EUR 38,751,500,000 for the Republic of France; and

4. EUR 2,550,000,000 for the Grand Duchy of Luxembourg;

as set forth in Clause 3 of the Guarantee.

The aggregate principal amount of the outstanding Guaranteed Obligations as at 20 June 2018 was EUR 66.1 billion (such guaranteed funding being hereafter referred to as "**Guaranteed Obligations**").

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

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

Call on the Guarantee: The right to call on the Guarantee will expire at the end of the 90th calendar day following the date on which the amount for which payment is requested under the Guarantee became due and payable in accordance with the normal payment schedule of the Notes. Under no circumstances shall Deutsche Bank AG, London Branch be responsible for making claims under the Guarantee relating to any Note.

Description: Guaranteed U.S. Medium Term Note Programme for the continuous offering of Notes (as described herein).

Arranger: Deutsche Bank AG, London Branch.

Dealers: Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank AG, London Branch, Goldman Sachs & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. International plc, Nomura International plc and Société Générale.

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Dealers**" are to the

	persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and/or all persons appointed as a dealer in respect of one or more Tranches.
Programme Limit:	Up to $20,000,000,000 (or the equivalent in other currencies) aggregate nominal amount of Notes outstanding at any one time.
Registrar and Luxembourg Transfer Agent:	Deutsche Bank Luxembourg S.A. 2, boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
Fiscal Agent, Issuing and Paying Agent, Calculation Agent and Exchange Rate Agent:	Deutsche Bank AG, London Branch 1 Great Winchester Street EC2N 2DB London United Kingdom
U.S. Registrar, U.S. Transfer Agent and U.S. Paying Agent:	Deutsche Bank Trust Company Americas Trust & Agency Services 60 Wall Street, 16th Floor MS: NYC60-1630 New York, New York 10005 United States
Luxembourg Paying Agent and Luxembourg Listing Agent:	Banque Internationale à Luxembourg, société anonyme 69, route d'Esch L-1470 Luxembourg Grand Duchy of Luxembourg
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. They will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be fungible with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which except for the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) and will be completed in the applicable Pricing Supplement.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity up to a maximum maturity as specified in the Guarantee (which, at the date of this Base Prospectus, is ten years).
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in euro (EUR), US dollar ($), Canadian dollar (CAD), pound sterling (GBP), yen (JPY) or Swiss franc (CHF), as agreed between the

	Issuer and the relevant Dealers as specified in the applicable Pricing Supplement. Notes registered in the name of, or in the name of a nominee for, DTC and not denominated in US dollars will be subject to the exchange rate mechanism as described in Condition 7 of the "*Terms and Conditions of the Notes – Payments and Record Dates*."
Denomination:	The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be no less than $250,000 (or the equivalent in other currencies).
Status of the Notes:	The obligations of the Issuer under the Notes are unsecured and unsubordinated.
Use of Proceeds:	The net proceeds of the issue of the Notes under the Programme will be used to repay or refinance existing financing of the Issuer.
Negative Pledge:	The terms of the Notes contain a negative pledge provision as described under Condition 4 of the "*Terms and Conditions of the Notes—Negative Pledge*".
Events of Default:	The Notes will contain only one event of default and, in particular, will not contain a cross-default provision in respect of other indebtedness of the Issuer. In any event, invoking an event of default resulting in an acceleration of the Notes will prejudice the ability of Noteholders to make a valid claim under the Guarantee. See the paragraph entitled "*No Acceleration Rights against Guarantors*" immediately below, and "*Risk Factors—Risk Factors Relating to the Guarantee—Noteholders have no acceleration rights against the Guarantors and may lose their right to call upon the Guarantee as a result of accelerating against the Issuer*".
No Acceleration Rights against Guarantors:	No grounds for acceleration of payment of the Notes, whether statutory (for example, in the case of judicial liquidation proceedings with respect to the Issuer) or contractual (for example, in the case of any event of default, event of termination or cross-default), will be enforceable against the Guarantors under the Guarantee. Consequently, a claim under the Guarantee may only be made in respect of amounts due and payable pursuant to the normal payment schedule of the Notes (it being understood that the effects of any early termination provision, which is not related to the occurrence of an event of default, are deemed to be part of the normal payment schedule of the Notes) and subject to the other requirements described under "*The Guarantee*". As a result thereof, claims made under the Guarantee will need to be resubmitted on all subsequent dates on which a

	payment under the Notes is due and payable pursuant to the normal payment schedule but remains unpaid. Furthermore, in order to be entitled to call upon the Guarantee, a Noteholder cannot have invoked or invoke any grounds for acceleration against the Issuer under the Notes, except where the grounds for acceleration of payment have arisen by operation of law without any action from Noteholders, for example in the event of the opening of judicial liquidation proceedings against the Issuer. See the sections entitled "*The Guarantee*" and "*Risk Factors—Risk Factors Relating to the Guarantee—Noteholders have no acceleration rights against the Guarantors and may lose their right to call upon the Guarantee as a result of accelerating against the Issuer*".
Optional Redemption:	The relevant Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders, and if so, the terms applicable to such redemption. See the section entitled "*Terms and Conditions of the Notes—Redemption, Purchase and Options*."
Early Redemption and Purchase of Notes:	Except as provided in "*Terms and Conditions of the Notes—Redemption, Purchase and Options*" Notes will not be redeemable at the option of the Issuer prior to maturity. Notes may at any time be purchased by the Issuer, and may (or shall, only to the extent required by French law) subsequently be cancelled, in accordance with the Conditions of the Notes.
Redemption Amount:	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.
Fixed Rate Notes:	Fixed interest will be payable in arrears on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement), as adjusted for any applicable margin. The relevant benchmark may be subject to substitution as described in Condition 5 of the "*Terms and Conditions of the Notes – Interest and other Calculations*". The interest period will be specified in the relevant Pricing Supplement.
Form of Notes:	The Notes will be issued under a book-entry system in fully registered form only, registered in the name of a nominee for one or more clearing systems. Each Tranche of Notes will initially be represented by Global Certificates, which will be exchangeable for Definitive

Certificates in certain limited circumstances. Notes sold to QIBs will initially be represented by one or more Restricted Global Certificates. Notes sold in an "offshore transaction" to persons other than U.S. persons as defined in and in reliance on Regulation S under the Securities Act will initially be represented by an Unrestricted Global Certificate.

Governing Law: The Notes will be governed by the laws of England. The Guarantee is governed by the laws of Belgium.

Bail-in Power Acknowledgement: Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements, or understanding between the Issuer and any holder of Notes, by its acquisition of the Notes, each holder acknowledges, accepts, consents and agrees to be bound by:

a) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority that may include and result in any of the following, or some combination thereof:

i) the reduction of all, or a portion, of the principal amount of, or interest (if any) on, the Notes;

ii) the conversion of all, or a portion, of the principal amount of, or interest (if any) on, the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the holder of the Notes of such shares, securities or obligations;

iii) the cancellation of the Notes; and/or

iv) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and

b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

For these purposes:

"**Bail-in Power**" is any write-down, conversion, transfer, modification or suspension power existing from time to time under any laws, regulations, rules or requirements in effect in France relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**") as amended from time to time including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (*Ordonnance portant diverses dispositions d'adaptation de la legislation au droit de l'Union européenne en matière financière*) (as

amended from time to time, the "**20 August 2015 Decree Law**"), Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, the "**Single Resolution Mechanism Regulation**"), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (as defined below) (or an affiliate of such Regulated Entity) can be reduced (in part or whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

A reference to a "**Regulated Entity**" is any entity referred to in Section 1 of Article L.613-34 of the French *Code monétaire et financier* as modified by the 20 August 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

A reference to the "**Relevant Resolution Authority**" is to the *Autorité de contrôle prudential et de resolution* (the "**ACPR**"), the Single Resolution Board established pursuant to the Single Resolution Mechanism Regulation, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Powers from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

Despite the foregoing, the States would remain liable to perform their obligations under the Guarantee notwithstanding any write-down or conversion to equity of the Notes following an application of any Bail-in Power under the BRRD. Please see the risk factor entitled "*The Notes may be subject to write-down or conversion to equity in the context of a resolution procedure applicable to the Issuer*".

Jurisdiction:

In respect of the Notes, the Issuer has submitted to the jurisdiction of the courts of England. The Issuer has also submitted to the jurisdiction of the New York and United States federal courts sitting in the City of New York for the purpose of any suit, action or proceeding arising out of the issuance of the Notes. The Issuer has also submitted to the jurisdiction of the Courts of the Belgian State in relation to all disputes related to the Guarantee.

	The courts of Brussels have exclusive jurisdiction to settle any disputes relating to the Guarantee.
Clearing Systems:	DTC, Euroclear, and Clearstream, and such other clearing system as may be agreed between the Issuer, the Fiscal Agent, and the relevant Dealer(s).
Initial Delivery of Notes:	On or before the issue date for each Tranche, if the relevant Global Certificate is not held under the NSS, the Global Certificates may be deposited with a custodian for DTC, and/or with a Common Depositary for Euroclear and Clearstream, as the case may be. On or before the issue date for each Tranche, if the relevant Global Certificate is held under the NSS, the Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream. Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s). Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Taxation; No Gross-up by the Guarantors:	All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If the Issuer is required to make a withholding or deduction with respect to any French taxes, duties, assessments or governmental charges of whatever nature, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such withholding or deduction, receive the full amount then due and payable except that no additional amounts shall be payable in certain circumstances more fully described in Condition 8 of the "*Terms and Conditions of the Notes*". If as a result of a change in tax law the Issuer is required to make a withholding or deduction with respect to any French taxes, duties, assessments or governmental charges

	of whatever nature, and as a result the Issuer is required to pay additional amounts to Noteholders it may, and in certain circumstances more fully described in Condition 8 of the "*Terms and Conditions of the Notes*" shall, redeem all (but not some only) of the outstanding Notes. **No additional amounts will be payable by the Guarantors if any payments payable under the Notes or under the Guarantee become subject to deduction or withholding in respect of any taxes or duties whatsoever.** Each prospective investor should carefully review the section entitled "*Taxation*" of this Base Prospectus.
Listing and Admission to Trading:	Notes of any particular Series may be listed on the official list of the Luxembourg Stock Exchange and be admitted to trading on the Regulated Market or listed on such other or additional stock exchanges as may be specified in the applicable Pricing Supplement, or unlisted. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Rating:	The Programme has been rated AA, AA- and (P)Aa3 by S&P, Fitch and Moody's, respectively. The Issuer may apply for a rating by each of the Rating Agencies in respect of Notes to be issued under the Programme. The rating of the relevant Notes will be specified in the applicable Pricing Supplement. Each of the Rating Agencies is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Each of the Rating Agencies is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. Notes issued pursuant to the Programme may be unrated. The relevant Pricing Supplement will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation. ***A 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.***
Selling and Transfer Restrictions:	The offer and sale of Notes will be subject to selling and transfer restrictions in various jurisdictions, in particular, those of the United States, France, the United Kingdom, the EEA, Luxembourg and Japan. In particular, there are restrictions on the transfer of Notes sold pursuant to Rule 144A and Regulation S under the Securities Act. See "*Transfer Restrictions*". Further restrictions that may apply to a Series of Notes will be specified in the

	applicable Pricing Supplement. Unless specified otherwise in the applicable Pricing Supplement, Regulation S Category 2 shall apply. Notes may only be initially subscribed by investors qualifying as "Third Party Beneficiaries" (*Tiers Bénéficiaires*) under paragraph (a) or under paragraphs (c) through (f) of Schedule A to the Guarantee or qualifying as QIBs.
Risk Factors:	Prospective investors are referred to the section in this Base Prospectus entitled "*Risk Factors*" for a discussion of certain factors that should be considered in connection with investing in the Notes and the operation of the Guarantee.

RISK FACTORS

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

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

Risk Factors Relating to the Guarantee

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

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

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

A non-confidential version of the Commission Decision was published on the Official Journal of the European Union on 12 April 2014. An electronic version thereof can be found at:

http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.110.01.0001.01.ENG.

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

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

The Guarantee is shared among three States (Belgium, France and Luxembourg) as Guarantors and the obligations of each of these Guarantors under the Guarantee are several, but not joint, and will be divided among them, each to the extent of its percentage share, as set out in Clause 3 of the Guarantee. Consequently, if the Guarantee is called, each Guarantor will be obliged to fulfil its payment obligation under the Guarantee only to the extent of its proportional commitment set out in the Guarantee, and will not be required to increase its payment to account for any shortfall in the

payment by any other Guarantor. The Guarantee obligations of each Guarantor are as follows: Belgium – 51.41%, France – 45.59% and Luxembourg – 3% of the payment obligations of the Issuer in principal, interest and incidental amounts, corresponding to guaranteed amounts in principal of EUR 43.6985 billion, EUR 38.7515 billion and EUR 2.55 billion, respectively. The aggregate principal amount payable under the Guarantee is currently capped at EUR 85 billion for all obligations (including the Notes), with interest and other incidental amounts covered beyond this cap.

The outstanding principal amount of the guaranteed debt is disclosed on a daily basis on the website of the Belgian National Bank (http://www.nbb.be/DOC/DQ/warandia/index.htm). As at 20 June 2018, aggregate outstanding Guaranteed Obligations (as defined in "*The Guarantee*" below) amounted to EUR 66.1 billion in principal.

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

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

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

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

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

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

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

Furthermore, in order to be entitled to call upon the Guarantee, a Noteholder cannot have invoked or invoke any grounds for acceleration towards the Issuer under the Notes, except where the grounds for

acceleration of payment have arisen by operation of law without any action from Noteholders, for example in the event of certain judicial liquidation proceedings with respect to the Issuer.

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

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

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

Payments under the Guarantee may be subject to withholding tax.

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

Taking this into account, in the absence of existing authority in Belgium, there is a measure of uncertainty as to whether the Belgian State would apply interest withholding tax on the portion of payments made under the Guarantee which constitutes a substitute for interest payments that should have been made by the Issuer.

In such circumstances, non-resident investors who cannot credit the withholding tax against Belgian income tax (such as non-resident investors who are not investing in the Notes through a Belgian branch) would need to file an administrative appeal to claim a refund based on the argument that payments under the Guarantee are not interest payments and/or based on the applicability of the exemption for interest paid by the Belgian State to non-resident investors who are not investing through a Belgian branch (article 107, § 2, 5°, b, of the royal decree implementing the Income Tax Code).

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

The Guarantee is subject to specific governing law and jurisdiction.

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

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

Pursuant to the Guarantee, each of the Guarantors waives its right to invoke any defences that the Issuer could assert against Security Holders (as defined under the Guarantee) to refuse payment. However, none of the Guarantors waives any immunity from jurisdiction in the United States for any

purpose. Each of the Guarantors is subject to suit exclusively in competent courts in Brussels, Belgium, in accordance with the Guarantee.

The U.S. Foreign Sovereign Immunities Act (the "**U.S. FSI Act**") may provide a means of service and preclude granting sovereign immunity in actions in the United States arising out of or based on the U.S. federal securities laws. However, under the U.S. FSI Act, execution upon the property of each of the Guarantors to enforce a judgment is limited to an execution upon property of each Guarantor used for the commercial activity on which the claim was based. In addition, a judgment of a U.S. state or federal court may not be enforceable in the courts of a Guarantor if based on jurisdiction based on the U.S. FSI Act or if based on the U.S. federal securities laws or if such enforcement would otherwise violate public policy or be inconsistent with the procedural law of the relevant state.

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

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

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

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

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

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

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

managed in the context of, a public authority mission or a public service mission. State immunity from enforcement has not been specifically considered by the Luxembourg courts or by Luxembourg legal literature. It is therefore necessary to form a view on the basis of general principles of Luxembourg law and to draw on French and Belgian legal commentary and case law.

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

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

In Europe, the economic recovery which began at the end of 2014 was sustained by low interest rates and oil prices, as well as by accommodating monetary policies.

Although the level of market disruption and volatility caused by the global financial crisis has abated to a certain extent, there are no assurances that these conditions will not recur or that similar events will not occur that have similar effects on the financial markets, in which case the Group may experience increased funding costs, decreased liquidity, decreased asset values, additional credit impairment losses and lower profitability and revenues. Any of the foregoing factors could have a material adverse effect on the Group's business, financial condition and results.

The outlook in the European Union ("**EU**") improved in 2017; however, in the long term, EU Member States and public finances in Europe face many challenges, including those related to demographic trends and political uncertainties. In particular, the crisis linked to uncertainty regarding the ability of certain EU Member States to service their sovereign debt obligations, including Greece, Ireland, Italy, Portugal and Spain, highlighted the persistence of the poor political and budgetary integration among Member States. Any loosening of the political ties within the EU, including as a result of the UK leaving the EU or political instability in Italy and other European Members States, could negatively impact the European economy and increase volatility in the financial markets, which could impact political cooperation within the EU. Growing populism and rising criticism of the EU contribute to the sense that geopolitical risks in Europe will still be an area of focus during 2018.

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

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

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

Various central banks decided to substantially increase the amount and duration of liquidity provided to banks, loosen collateral requirements and, in some cases, implement "non-conventional" measures to inject substantial liquidity into the financial system, including direct market purchases of government bonds, mortgage-backed securities and corporate bonds. These central banks may decide, acting alone or in coordination, to modify their monetary policies or to tighten their policies regarding

access to liquidity, which could substantially and abruptly decrease the flow of liquidity in the financial system. Although the Orderly Resolution Plan (as defined below) assumes a more restrictive access to central bank funding, such changes could have an adverse effect on Group's financial condition and results of operations. See "*Dexia Crédit Local—Orderly Resolution Plan*".

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

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

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

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

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

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

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

The orderly resolution of the Dexia Group will have to be managed on a long-term basis given the nature and the maturity profile of its remaining assets, the financial plan setting out a trajectory for the asset portfolio to be gradually reduced to approximately EUR 63 billion by end of 2020. Over that period, the Dexia Group's ability to complete the Orderly Resolution Plan successfully, and thus avoid what could, under certain circumstances, be a disorderly liquidation, remains heavily dependent on a number of external factors over which Dexia Group has little or no control, including: (i) the accuracy of the macro-economic assumptions underlying the Orderly Resolution Plan; (ii) the evolution of interest rates and the credit environment; (iii) the preservation of the banking licences of the Issuer

and any of the credit institutions within the Dexia Group; (iv) the maintenance of all ratings within the Group; (v) substantial access by Dexia Group to the capital markets, allowing Dexia Group to finance a substantial portion of its assets through the repo market, and to issue significant amounts of government guaranteed bonds in the capital markets; (vi) regulatory and accounting developments, in particular the entry into force on 1 January 2018 of the IFRS 9 accounting standard and (vii) liquidity requirements.

The plan was formulated on the basis of market data observable at the end of September 2012; the underlying macroeconomic assumptions are reviewed as part of the semi-annual reviews of the entire plan. Updates were made in 2017 on the basis of data available as at 30 June 2017 to take into account an updated funding plan based on then-existing market conditions. They also incorporated regulatory developments, such as the final version of the CRD IV Directive and the IFRS 9 accounting standard as from 2018, based on assumptions known at such date. This updated business plan was validated by the Issuer's Board of Directors on 14 November 2017 and resulted in adjustments to the original plan, representing a significant change to the trajectory of the Group's resolution as initially anticipated, but at this stage do not raise questions as to the nature and the fundamentals of the resolution. Any significant deviation from one or more of the assumptions underlying the plan could have a material adverse impact on the Dexia Group and on the Issuer's financial condition and results of operations. Consequently, the Issuer's ability to meet its payment obligations under the Notes could be adversely affected.

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

The Issuer and the Group are exposed to market risks such as ongoing weak market conditions or changes in interest rates, foreign exchange rates and bond and equity prices. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing rates, the impact of which may be heightened during periods of liquidity stress, such as those experienced in the past (e.g., in 2008-2011).

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

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

The Group has a very significant derivatives portfolio (notional amount of approximately EUR 340.9 billion as at 31 December 2017), consisting primarily of interest rate derivatives. That portfolio generates a cash collateral requirement that is highly sensitive to fluctuations in foreign exchange rates and interest rates, in particular the 10-year euro and pound sterling long term interest rates.

While the euro area has been expanding since 2014 and GDP growth in the Eurozone has reached a level above that in 2007, vulnerabilities and challenges remain in many euro area economies. With this backdrop, the ECB continued with its accommodating monetary policy in 2016 and 2017, as witnessed by the continuation of the ECB's asset repurchase programme, albeit at reduced levels as from October 2017. From April 2017, the ECB's monthly net purchases of public and private sector securities amounted to EUR 60 billion per month on average. On 26 October 2017, the ECB's Governing Council decided that net purchases would be reduced from the monthly pace of €60 billion to the new monthly pace of €30 billion from January 2018 until the end of September 2018. The intention is for securities purchases to be carried out until the Governing Council sees a sustained

adjustment in inflation trends that is consistent with its aim of achieving inflation rates below, but close to, 2% over the medium term.[1] In 2016, the ECB decreased interest rates on the main refinancing operations, the marginal lending facility and the deposit facility by five, five and 10 basis points, respectively.[2]

This context resulted in historically low interest rates in the Eurozone and the depreciation of the euro as well as highly volatile foreign exchange markets. The Dexia Group is sensitive to the evolution of its macroeconomic environment and to market parameters, including exchange rates, interest rates and credit spreads, fluctuations of which may impact the business plan. In particular, an unfavourable evolution of these parameters over time could weigh on the Group's liquidity and solvency position, by increasing the amount of cash collateral required to be paid by Dexia to its derivatives counterparties. Net collateral posting reached EUR 26.5 billion as of 31 December 2017, representing a decrease of EUR 6.2 billion from the level as of 31 December 2016.

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

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

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

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

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

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

[1] https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html
[2] http://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html

adverse effect on the Issuer's and the Dexia Group's financial condition and result of operations which could in turn affect the Issuer's ability to meet its payment obligations under the Notes.

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

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

The most recent update of the Dexia Group's business plan shows a surplus liquidity position throughout the life of the plan. This liquidity surplus was impacted in 2016 by the volatile cash collateral needs and high levels of amortisations and funding redemptions. See "*Dexia Crédit Local—Recent developments—Evolution of the funding profile*".

As at 31 December 2017, DCL had a liquidity buffer of EUR 16.4 billion, of which EUR 10.5 billion is in the form of deposits with central banks and EUR 5.2 billion is in the form of assets eligible for ECB refinancing. However, DCL's liquidity buffer may not be sufficient, should markets encounter significant disruption. See "*Dexia Crédit Local—Recent developments—Non-eligibility of wind-down entities as Eurosystem monetary policy counterparties as from 31 December 2021*".

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

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

From time to time, the International Accounting Standards Board (the "**IASB**") and/or the European Union change the financial accounting and reporting standards that govern the preparation of the Group's financial statements. These changes can be difficult to predict and can materially impact how the Group records and reports its financial condition and results of operations. In some cases, the Group could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. By way of example, the IASB has issued amendments to a number of standards which remain to be endorsed by the European Union and which, when endorsed and applicable to Dexia and DCL, are expected to impact their financial statements. As from June 2013, the application of IFRS 13 and the changes of the parameters used for the valuation of derivatives led, for example, to a significant volatility in Dexia and DCL's quarter-by-quarter income, depending on market conditions. These changes give rise to latent gains or losses booked to net banking income. For DCL, accounting volatility elements amounted to EUR 64 million in 2017. This amount

correlated to asset and liability fair value adjustments, in particular including the impacts of the IFRS 13 accounting standard, the Credit Valuation Adjustment (CVA), the Debit Valuation Adjustment (DVA) and own credit risk (OCR), partially offset by the impact of the Funding Valuation Adjustment (FVA), the valuation of collateralised derivatives on the basis of an OIS curve and the valuation of the WISE portfolio (synthetic securitisation of a portfolio of enhanced bonds). In 2016, those elements represented a contribution of EUR 90 million.

IFRS 9 "Financial Instruments" came into force on 1 January 2018, replacing the standard IAS 39. Application of the new rules for the classification and valuation of financial assets under IFRS 9 has major consequences for the Dexia Group. In particular, the assets that were part of the portfolio established by Dexia before its entry into resolution were booked as "available for sale (AFS) " under IAS 39 and valued at fair value, resulting in the establishment of a highly negative AFS reserve, taken into account in calculating regulatory capital.

IFRS 9 provides for a classification and valuation of assets in relation to an entity's management intention and the nature of the assets concerned. Dexia consequently reclassified a significant proportion of its assets at "amortised cost" under IFRS 9 in line with its status as an entity managed in run-off. This reclassification resulted in the cancellation of latent gains and losses observed in equity (AFS reserve). Only assets identified as being capable of disposal in coming years have been classified in the category "fair value through equity".

In December 2017, the European Parliament amended the CRR and offered credit institutions the possibility to make use of phase-in provisions, which enable the impact on equity resulting from implementation of the new IFRS 9 provisioning model on solvency ratios to be spread over five years. These are applied to the amount of additional provisions for credit risk as at 1 January 2018 ("static" phase-in). They are also applied to additional amounts of provisions associated with financial assets in bucket 1 and in bucket 2 according to the IFRS 9 approach, constituted during the five-year transition period ("dynamic" phase-in). Dexia informed the supervisory authorities that it would apply this phase-in approach. Without taking the phase-in into account, the total impact of implementation of IFRS 9 on Dexia's Total Capital Ratio as at 1 January 2018 is estimated at 500 basis points. See "*Dexia Crédit Local—Recent developments— Positive impact from the first application of IFRS 9 to the Dexia Group's regulatory capital*".

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

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

Dexia is a financial institution in resolution, subject to the Orderly Resolution Plan. Its funding plan relies primarily on repos, central bank funding and the issuance of guaranteed debt. The rating of the debt issued under the Guarantee is aligned with the rating of the lowest rated of the three Guarantors (*i.e.*, currently Belgium). For example, on 4 January 2017, Fitch downgraded DCL's outstanding bonds to a rating of AA- as a result of its downgrading of Belgium's sovereign rating.

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

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

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

In 2011 and 2012, the deteriorating financial environment on top of the worsening European sovereign debt crisis and successive rating actions increased pressure on the Group's liquidity and led Dexia to seek the implementation of a funding guarantee provided by the States of Belgium, France and Luxembourg (see "*Dexia Crédit Local—Orderly Resolution Plan*"). The year ended 31 December 2013 saw a significant improvement in the liquidity situation of DCL allowing the Group to reduce the level of central bank funding. In 2014, DCL's funding mix continued to gravitate towards guaranteed and secured funding. In 2015, despite adverse circumstances generating high volatility in its funding requirements, DCL managed to exit the exceptional funding mechanisms made available when it entered its resolution plan and reduced significantly its use of central bank funding. DCL's funding volume was reduced to EUR 124.8 billion as at 31 December 2017, compared to 146.5 billion as at 31 December 2016. The reduction in 2017 was, *inter alia*, a consequence of a EUR 20 billion decrease in the asset portfolio and a EUR 6.2 billion decrease in the net amount of cash collateral paid by Dexia to its derivatives counterparties (EUR 26.5 billion as at 31 December 2017) In 2017, the Group exited from ECB funding. Total outstanding Group funding subscribed with the ECB, which amounted to EUR 15.9 billion as at 31 December 2015, was reduced to EUR 655 million as at 31 December 2016 and, as at 31 December 2017, the Group no longer had recourse to ECB funding. See "*Dexia Crédit Local—Recent developments—Non-eligibility of wind-down entities as Eurosystem monetary policy counterparties as from 31 December 2021*". As a consequence, the Group's funding structure underwent substantial modification. Most of the Group's funding is now in the form of guaranteed market funding and secured market funding. As at 31 December 2017, guaranteed and secured market funding represented 54% and 40%, respectively, of total Group funding compared to 49% and 41%, respectively, as at 31 December 2016.

The Orderly Resolution Plan contemplates a particular funding mix (with respect to the type and maturity of the various funding sources of Dexia Group, including, for example, central bank financing, repo, government guaranteed bond issues and the relative proportion of each source in the Dexia Group's overall financing), and assumes funding costs based on that funding mix and on the expected cost of each component of that mix. If market demand for government-guaranteed debt declines, the Group may need to turn to more costly funding sources which would directly impact the profitability assumed in the original business plan. The coming years will remain uncertain in the context of greater exchange rate volatility and very low interest rates. Should the Dexia Group be unable to achieve the desired funding mix (for instance because certain types of financings, such as government guaranteed bonds placed on the capital markets, are not available to the extent expected), or should the cost of certain types of funding be higher than contemplated by the Orderly Resolution Plan, the Group and the Issuer's results of operations and financial condition would be materially adversely impacted.

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

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

The Dexia Group and the Issuer are and will continue to be subject to the risk of deterioration in the commercial soundness or perceived soundness of other financial services institutions within and

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

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

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

The Group and the Issuer are exposed to concentration risk.

The Issuer considers that its asset portfolio is of good credit quality overall with 90% of exposures rated "investment grade" as at 31 December 2017.

However, the Group and the Issuer remain significantly exposed to concentration risk, especially in relation to sovereigns and the public sector, which represented respectively 20.9% and 53.3% of the Issuer's total credit risk exposure (EAD[3]) as at 31 December 2017. DCL's exposure to sovereigns is focussed primarily on France, Italy and Portugal and, to a lesser extent, on the United States, Japan, Poland, Spain, Germany and the United Kingdom.

In addition, the portfolio contains certain geographical concentrations: France (EUR 28.2 billion), Italy (EUR 23.0 billion), the United Kingdom (EUR 22.2 billion), , Germany (EUR 17.8 billion) and the United States (EUR 17.5 billion), representing 19.9%, 16.2%, 15.6%, 12.6% and 12.3%, respectively, of the Issuer's total credit risk exposure at 31 December 2017.

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

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

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

A substantial portion of the Issuer's assets are denominated in currencies other than the euro, thus requiring the Group to have access to funding in those currencies. Should the Group not be able to raise funding in the relevant currencies (primarily GBP and USD), or should the exchange rates between the euro and those currencies vary significantly from the rates assumed by the Orderly Resolution Plan, this would have a material adverse effect on the Issuer's financial condition and results of operations.

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

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

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

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

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

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

The monitoring of operational risk and the preservation of operational continuity has been one of the key strategic priorities of the Dexia Group Company Project since its launch in 2013 (the "**Company Project**"). It is aimed at redefining the Group's strategic objectives and its governance and providing the optimal operational model for the implementation of the Orderly Resolution Plan. See "*Dexia Crédit Local—Recent developments— Towards a simplification and greater integration of the operating model— Outsourcing the operational processing chain for market activities*".

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

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

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

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

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

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

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

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

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

The combination of more stringent regulatory rules under CRD IV, which were not fully anticipated at the time of approval of the Orderly Resolution Plan, and the obligations and restrictions imposed on the Dexia Group under the Orderly Resolution Plan (in essence, the sale of the main commercial franchises considered to be viable in the long term and management in run-off of the other franchises without new production, except in limited circumstances) has adversely impacted the Dexia Group's ability to comply with certain requirements under CRD IV (See "*Basel III / CRD IV impacts the Dexia Group and the Issuer's capital ratio*" below). For instance, the Group's liquidity coverage ratio (the "**LCR**"), as at 31 December 2015, was equal to 54%, which was below the then applicable minimum LCR requirements under CDR IV. As at 31 December 2016, the Group's LCR was equal to

80% which corresponds to the minimum LCR requirements applicable as from 1 January 2017. As from 1 January 2018, however, the minimum LCR requirement increased to 100%. Despite the significant progress made by the Group in terms of reducing its liquidity risk, the Issuer cannot exclude that it, or other members of the Group, may not be able to ensure compliance with such or certain other regulatory requirements over the term of the Orderly Resolution Plan, This could have a material adverse effect on the Issuer and lead to adverse consequences for Noteholders.

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

In addition, breaches of the bank regulatory framework could result in the ECB initiating enforcement action and consequently imposing sanctions against the Issuer, which may in turn have a material adverse effect on its operations and financial condition.

Dexia and the ECB held discussions during 2015 and early 2016 regarding Dexia's breach (at the time) of the minimum LCR requirements and other potential breaches (see "*Supervision and Regulation of Dexia Crédit Local*"). However, having regard to Dexia's unique situation as a banking group in orderly resolution benefitting from a EUR 85 billion liquidity guarantee from the States of Belgium, France and Luxembourg, no enforcement action was subsequently taken by the ECB against the Issuer in respect of such breach. However, no assurance can be given that the ECB would apply the same position in connection with similar breaches or breaches of other regulatory requirements in the future.

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

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

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

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

In accordance with the schedule defined by CRD IV, non-sovereign securities classified as "available for sale" ("**AFS**") are progressively taken into consideration in the calculation of regulatory capital over a period of five years from 1 January 2014 at 20% per annum cumulatively, *i.e.*, 80% in 2017. As of 31 December 2017, the Group's Total Capital ratio was 20.4% compared to 16.8% as of 31 December 2016. The amount deducted from regulatory capital for the AFS reserve amounted to EUR 2.8 billion as at 31 December 2017, compared to EUR 2.7 billion as at 31 December 2016, despite the phased deduction (80% in 2017 against 60% in 2016, in accordance with the schedule defined by the CRD IV Directive).

As a consequence, the application of the Basel III framework results in a decrease of the solvency ratios of the Issuer but they remain above the legal and regulatory minima. The Issuer's Common Equity Tier 1 ratio was 16.1% as at 31 December 2017 compared to 13.1% as at 31 December 2016.

As from 1 January 2018, the Dexia Group must comply with a Total Capital ratio of 12.125% (comprising the minimum ratio of 10.25% plus a capital conservation buffer of 1.875%), increased from the 2017 rate of 9.875% (including a capital conservation buffer of 1.250%).

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

The Issuer is involved in a number of disputes with French local authorities and related entities to which it has granted so-called "structured" loans. As at 31 December 2017, 37 clients are engaged in proceedings against the Issuer in connection with structured loans (as compared to 51 clients as at 31 December 2016), of which 23 relate to structured loans held by CAFFIL (formerly, Dexia Municipal Agency, a 100% subsidiary of the Issuer), a 100% subsidiary of SFIL, 12 relate to structured loans held by the Issuer and two relate to both institutions. Notwithstanding that the Issuer did not give any representation or warranty on the loans of CAFFIL at the time of sale of SFIL in January 2013, the Issuer, as legal representative of CAFFIL up to the time of sale, remains responsible for any damages granted to a borrower as a result of a proven breach by the Issuer of its obligations relating exclusively to the origination or the commercialisation of the structured loans held by CAFFIL up to the time of sale.

Four important decisions were handed down by the Versailles' Court of Appeals on 21 September 2016. In these decisions, the Court dismissed four borrowers' claims and recognised the validity of the relevant contracts, the validity of the borrowers' obligations under them and DCL's compliance with its duty of information.

On 28 March 2018, the Supreme Court validated the Versailles Court of Appeal’s favourable decision concerning structured loans held by CAFFIL, noting that structured loans were not financial and speculative products. The Supreme Court ruled that DCL had not incurred any liability in connection with the sale of these structured loans. With respect to the application of the French law validating the annual percentage rate of structured loans contracted by public entities, the Supreme Court held that public entities could not invoke the European Convention on Human Rights.

Even though this recent decision represents a significant evolution for the Issuer, it does not resolve the other proceedings based on other grounds that are ongoing at the date of this Base Prospectus.

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

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

Like many financial institutions, the Issuer is subject to a number of regulatory investigations and named as a defendant in a number of lawsuits. In addition, the possibility cannot be excluded that in the future, new proceedings, whether or not related to current proceedings, relating to the risks identified by the Group or to new risks, could be brought against the Issuer or other members of the Dexia Group. The status of the most significant investigations and litigations is summarised in the Issuer's and Dexia's Annual Reports 2017. See also *"Dexia Crédit Local—Litigation"*. Any decision adverse to the Group in such investigations or lawsuits could materially impact its financial condition or results of operations and, as a consequence, those of the Issuer.

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

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

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

Finally, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), enacted in the United States in 2010, has led to significant structural reforms affecting the financial services industry, including non-U.S. banks. Among other things, the Dodd-Frank Act addresses systemic risk oversight, bank capital standards, the orderly liquidation of failing systemically significant financial institutions, over-the-counter derivatives, the ability of banking entities to engage in proprietary trading activities and sponsor and invest in hedge funds and private equity funds and increases oversight of credit rating agencies. It is difficult at this time to assess the overall impact (including extraterritorial impacts) the Dodd-Frank Act could have on the Issuer or the financial services industry as a whole. Finally, the new presidential administration and the Congressional majority have indicated that U.S. financial regulations will be under further scrutiny and, as a result, some of the provisions of the Dodd-Frank Act and rules promulgated thereunder may be revised, repealed or amended.

On 10 December 2013, U.S. regulators released the final version of the rules implementing Section 619 of the Dodd-Frank Act (the "**Volcker Rule**"), which regulates the ability of banking entities, including entities such as DCL that are treated as bank holding companies under the Bank Holding Company Act of 1956, as amended (the "**BHCA**") and all of its affiliates, from engaging as principal in proprietary trading activities and sponsoring or investing in hedge, private equity or similar funds. The prohibition does not apply to activities conducted solely outside of the United States by certain non-U.S. banking entities, such as DCL. Financial institutions were required to bring their activities and investments into compliance with the Volcker Rule by 21 July 2015, and the Dexia Group had in place policies, procedures, and compliance programmes at that time to ensure its compliance with respect to the prohibition on proprietary trading.

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

On 23 June 2016, the United Kingdom held a referendum to decide on its membership within the European Union. The United Kingdom voted to leave the European Union, with the Article 50 notice triggering the exit process having been delivered to the EU on 29 March 2017. There are a number of uncertainties in connection with the future of the United Kingdom and its relationship with the European Union. The negotiation of the United Kingdom's exit terms is likely to take a certain period of time. Until the terms and timing of the United Kingdom's exit from the European Union are

clearer, it is not possible to determine the impact that the referendum, the United Kingdom's departure from the European Union and/or any related matters may have on the Dexia Group's financial condition. The June 2017 election result in the United Kingdom adds further uncertainty. The Dexia Group is particularly vulnerable to fluctuations in exchange rates, interest rates and asset valuations (including debt securities), which could be particularly volatile in the coming years while the terms of the United Kingdom's exit are being negotiated. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market. See *"—As a financial institution in run-off, the Group is particularly vulnerable to fluctuations in external factors such as interest and exchange rates*", *"—Adjustments to the carrying value of the Issuer's securities and derivatives portfolios could have a material impact on its net income and shareholders' equity*" and *"—The Issuer is exposed to currency/exchange rate costs and related exposures*".

Risk Factors Relating to the Notes issued under the Programme

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

Pursuant to the BRRD, as transposed into French law by a decree-law dated 20 August 2015 and completed by law no 2016-1691 dated 9 December 2016, resolution authorities have the power to place an institution in resolution at the time the resolution authority determines that (i) the institution individually, or the group to which it belongs, is failing or likely to fail, (ii) there is no reasonable prospect that private action would prevent the failure and (iii) resolution action is necessary in the public interest.

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

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

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

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

(iv) the institution requires extraordinary public financial support.

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

The use of the Bail-In Tool could result in the full or partial write-down or conversion to equity of the Notes, or in a variation of the terms of the Notes, which could result in Noteholders losing some or all of their investment under the Notes, although without prejudice to their rights under the Guarantee. (See "*Supervision and Regulation of Dexia Crédit Local*").

The impact of the BRRD and its implementation provisions on credit institutions, including the Issuer, is currently unclear and the future implementation and application to the Issuer or the taking of any action under it could materially adversely affect the Issuer and the value of the Notes. Furthermore, the exercise of any power under the BRRD as applied to the Issuer or any suggestion of such exercise

could materially adversely affect the rights of Noteholders, the market value of their investment in the Notes, without prejudice to the rights of the Noteholders under the Guarantee, and/or the ability of the Issuer to satisfy its obligations under the Notes. In addition, if the Issuer's financial condition deteriorates, the existence of the Bail-In Tool could cause the market value of the Notes to decline more rapidly than would be the case in the absence of such tools.

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

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

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

Under the terms of the Notes, investors will agree to be bound by and consent to the exercise of any Bail-in Powers by the ACPR.

By acquiring the Notes, each Noteholder and each beneficial owner acknowledges, accepts, consents and agrees to be bound by (a) the effect of the exercise of any Bail-in Powers by the ACPR, that may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount of, or any interest on, the Notes or any other outstanding amounts due under, or in respect of, the Notes; (ii) the conversion of all, or a portion, of the principal amount of, or any interest on, the Notes or any other outstanding amounts due under, or in respect of, the Notes into shares, other securities or other obligations of the Bank or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes; (iii) the cancellation of the Notes; (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (b) the variation of the terms of the Notes, if necessary, to give effect to the exercise of any Bail-in Powers by the ACPR. See "*Notice to Investors—Bail-in*" and "*Terms and conditions of the Notes—Condition 16—Bail-in*".

Certain relevant laws are described in more detail in "*Supervision and |Regulation of Dexia Crédit Local—European Bank Recovery and Resolution Directive*".

Investors must independently review and obtain professional advice with respect to the Notes issued under the Programme.

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on the Issuer or the Dealer(s) or any of their affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

There are only limited Events of Default under the Notes.

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

The trading market for Notes issued under the Programme may be volatile and may be adversely affected by various events.

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

An active trading market for Notes issued under the Programme may not develop.

There can be no assurance that an active trading market for the Notes issued under the Programme will develop (even where the Notes are listed), or, if one does develop, that it will be maintained (for example, Notes may be allocated to a limited pool of investors). If an active trading market for the Notes does not develop, or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Dealers are not obligated, however, to make a market in the Notes and, were they to do so, they may continue or discontinue any market making at any time at their sole discretion. In addition, the Issuer is entitled to buy the Notes and it may issue further Notes. Such transactions by the Issuer may adversely affect the price development of Notes issued under the Programme. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes issued under the Programme. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed trading market.

The actual yield on Notes issued under the Programme may be reduced from the stated yield as a result of transaction costs.

When securities are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the securities. These incidental costs

may significantly reduce or even cancel out the profit potential of Notes issued under the Programme. For instance, credit institutions often charge their clients fixed minimum commissions or *pro rata* commissions (linked to the value of the order) in relation to transactions relating to securities. To the extent that additional (domestic or foreign) parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of any such third-parties.

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

Neither the Issuer nor the Dealer(s) assumes responsibility for the legality of any purchase under the Programme.

Neither the Issuer, the Dealer(s) nor any of their affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, 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 investor with any law, regulation or regulatory policy applicable to it.

Purchasers of the Notes may be subject to certain taxes or other costs.

Potential purchasers and sellers of the Notes should be aware that payments of interest on the Notes, or profits realised by a Noteholder upon the disposal or repayment thereof, may be subject to taxation or documentary charges or duties in its home jurisdiction or in other jurisdictions in which it is required to pay taxes or where the Notes are transferred. In some jurisdictions, no official statements of the tax authorities or court decisions may be available addressing financial obligations such as the Notes. The tax impact on Noteholders who reside in the United States, France, Luxembourg or Belgium is generally described under "*Taxation*" below; however, the tax impact on a particular Noteholder may differ from the situation described for Noteholders generally. Potential investors are therefore advised not to rely upon the tax summary contained in this Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in conjunction with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant Pricing Supplement.

The Proposed Financial Transactions Tax (the "FTT")

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

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

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

person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

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

The Issuer's obligation to pay additional amounts with respect to withholding taxes is subject to certain exceptions.

Unless provided otherwise in the relevant Pricing Supplement, the Issuer is generally required to pay additional amounts with respect to certain withholding taxes, subject to the exceptions described in "*Terms and Conditions of the Notes—Taxation*". Noteholders will bear the risk of such withholding taxes in these circumstances where the Issuer is not required to pay additional amounts under the terms of the Notes.

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

Modification, waivers and substitution of conditions affecting the Notes that are not desired by all holders can be effected by a majority.

The Terms and Conditions of the Notes and the Agency Agreement contain provisions for convening meetings of holders of the Notes to consider any matter affecting their interests generally. These provisions differ from the customary provisions prevailing in the United States and permit defined majorities of less than 100% to bind all holders of the Notes including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Agent may agree, without the consent of the holders of the Notes and without regard to the interests of particular holders of the Notes, to (i) any modification of any provision of the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error and (ii) any other modification (except as mentioned in the Agency Agreement) and any waiver or authorisation of any breach or proposed breach, of any provision of the Terms and Conditions or the Agency Agreement which is, in the opinion of the Agent, not materially prejudicial to the interests of the holders.

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

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

While the Notes are in global form, the Issuer will discharge its payment obligations under the Notes by making payments to the Custodian or the common depositary or the common safekeeper. A holder

of a beneficial interest in the Notes must rely on the procedures of DTC, Euroclear and/or Clearstream, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Credit ratings may not reflect all risks.

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

Legal investment considerations may restrict certain investments.

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

Risks Related to a Particular Issue of Notes under the Programme

The Notes may be subject to optional redemption by the Issuer.

If in the case of any particular Tranche of Notes the Pricing Supplement specifies that the Notes are redeemable at the Issuer's option, in certain circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and may only be able to do so at a lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Fixed Rate Notes may not always maintain the same market value.

An investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes.

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

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the applicable Pricing Supplement) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of such Notes upon the next periodic adjustment of the relevant reference rate.

Benchmark reforms and licensing

LIBOR and the EURIBOR are, and other types of indices, including (but not limited to) indices comprised of interest rates, equities, commodities, commodity indices, exchange traded products, foreign exchange rates, funds and combinations of any of the preceding types of indices which may be deemed to be, "benchmarks", which have been the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Key international regulatory initiatives relating to the reform of benchmarks include IOSCO's Principles for Financial Benchmarks (the "**IOSCO Principles**") and the Benchmark Regulation. The IOSCO Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering (among other things) governance and accountability as well as the quality, integrity and transparency of benchmark design, determination and methodologies. A review published by IOSCO in February 2015 of the status of the voluntary market adoption of the IOSCO Principles noted that there has been significant but mixed progress on implementation of IOSCO Principles but that as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future.

The Benchmark Regulation was published in the Official Journal of the European Union on 29 June 2016. Most of provisions of the Benchmark Regulation came into force on 1 January 2018 with the exception of certain provisions (mainly on critical benchmarks) that applied from 30 June 2016. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union and will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of "benchmarks" (or, if non-EU-based, to be subject to equivalent requirements) and (ii) prevent certain uses by EU-supervised entities of "benchmarks" of administrators that are not authorised/registered (or, if non-EU based, deemed equivalent or recognised or endorsed). The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices, such as EURIBOR, applies to many interest rate and foreign exchange rate indices, equity indices and other indices (including "proprietary" indices or, potentially, baskets, portfolios or strategies) where used to determine the amount payable under or the value or performance of certain financial instruments for which a request for admission to trading on a trading venue has been made, or which are traded on a trading venue (EU regulated market, EU multilateral trading facility ("**MTF**"), EU organised trading facility ("**OTF**")) or via a systematic internaliser, financial contracts and investment funds.

Different types of benchmark (critical benchmarks, significant benchmarks, non-significant benchmarks and interest rate benchmarks, commodity benchmarks, regulated data benchmarks) are subject to some variations to take into account their characterisation.

The Benchmark Regulation could have a material impact on any securities, including the Notes for which a request for admission to trading on a trading venue has been made, or which are traded on a trading venue or via a "systematic internaliser", financial contracts and investment funds linked to a "benchmark" index, including in any of the following circumstances:

- subject to any applicable transitional provisions, an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator, or the benchmark, is not entered in or is removed from ESMA's register of Benchmark Regulation approved benchmarks (for example if the administrator does not obtain or retain authorisation or registration under the Benchmark Regulation, or, if based in a non-EU jurisdiction, the administrator does not obtain or retain recognition or endorsement and the administrator/benchmark does not benefit from equivalence); or

- the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation.

Any of the above changes or any other consequential changes to any benchmark as a result of international, national or other reforms or investigations, could potentially:

- lead to the Notes being de-listed, adjusted, redeemed early, subject to discretionary valuation by the Calculation Agent or otherwise impacted depending on the particular "benchmark" and the applicable terms of the Notes;
- affect the level of the published rate or the level of the "benchmark", including causing it to be lower, higher or more volatile than in the past;
- increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements;
- discourage market participants from continuing to administer or contribute to certain "benchmarks";
- trigger changes in the rules or methodologies used in certain "benchmarks";
- lead to the disappearance of certain "benchmarks", or certain currencies or tenors of benchmarks (for example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, may require an adjustment to the Terms and Conditions of the Notes, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR) depending on the specific provisions of the relevant terms and conditions applicable to the Notes); or
- have other adverse effects or unforeseen consequences.

Any such consequences could have a material adverse effect on the liquidity, the value of and return on any Notes and on any hedging arrangements entered into in relation to such Notes. A benchmark licence may also be required for the issuance or calculation of amounts payable under any Notes referencing a benchmark.

To the extent any such licence is not obtained or retained, it may not be possible for the Notes to reference the benchmark and the Notes may be adjusted or redeemed early or otherwise impacted depending on the particular "benchmark" and the relevant terms and conditions applicable to the Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by benchmark reforms, and licensing issues in making any investment decision with respect to the Notes.

Future discontinuance of LIBOR, EURIBOR or other benchmarks may adversely affect the value of Floating Rate Notes that reference any such benchmark

As mentioned above, on 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will

continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Other benchmarks, such as EURIBOR, may also be discontinued.

Investors should be aware that, if LIBOR, EURIBOR or any other benchmark were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference any such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the benchmark rate is to be determined under the Terms and Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for the benchmark rate which, depending on market circumstances, may not be available at the relevant time, (ii) result in the effective application of a fixed rate based on the rate which applied in the previous period when the benchmark was available or (iii) be replaced by an alternative rate, as described below. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any such Floating Rate Notes.

Pursuant to the terms and conditions of any applicable Floating Rate Notes or any other Notes whose return is determined by reference to any benchmark, if the Issuer or Calculation Agent determines at any time that the Relevant Screen Page on which appears the Reference Rate for such Notes has been discontinued or following the adoption of a decision to withdraw the authorisation or registration of ICE Benchmark Administration as set out in Article 35 of the Benchmark Regulation or any other benchmark administrator previously authorized to publish any Replacement Reference Rate under any applicable laws or regulations, the Issuer will appoint a Reference Rate Determination Agent (which may be (i) a leading bank or a broker-dealer in the principal financial center of the Specified Currency (which may include one of the Dealers involved in the issue of such Notes) as appointed by the Issuer, (ii) the Issuer or an affiliate of the Issuer (but in which case any such determination shall be made in consultation with an independent financial advisor), (iii) the Calculation Agent or (iv) any other entity which the Issuer considers has the necessary competences to carry out such role) who will determine a Replacement Reference Rate, as well as any necessary changes to the business day convention, the definition of business day, the interest determination date, the day count fraction, and any method for obtaining the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the Relevant Screen Page on which appears the Reference Rate. Such Replacement Reference Rate and any such other changes will (in the absence of manifest error) be final and binding on the Noteholders, the Issuer, the Calculation Agent, the Fiscal Agent, the Paying Agent, the Exchange Rate Agent and any other person, and will apply to the relevant Notes without any requirement that the Issuer obtain consent of any Noteholders.

The Replacement Reference Rate may have no or very limited trading history and accordingly its general evolution and/or interaction with other relevant market forces or elements may be difficult to determine or measure. In addition, the replacement rate may perform differently from the discontinued benchmark. For example, there are currently proposals to replace LIBOR (which generally has a term of one, three or six months) with an overnight rate. Similarly, proposals have been made to use a rate on highly rated government obligations to replace LIBOR, which is currently based on interbank lending rates and carries an implicit element of credit risk of the banking sector. These and other changes could significantly affect the performance of an alternative rate compared to the historical and expected performance of LIBOR or any other relevant benchmark. There can be no assurance that any adjustment factor applied to any Series of Notes will adequately compensate for this impact. This could in turn impact the rate of interest on, and trading value of, the affected Notes. Moreover, any holders of such Notes that enter into hedging instruments based on the Relevant Screen Page on which appears the Reference Rate may find their hedges to be ineffective, and they may incur costs replacing such hedges with instruments tied to the Reference Replacement Rate.

If the Reference Rate Determination Agent is unable to determine an appropriate Replacement Reference Rate for any discontinued Reference Rate or a decision to withdraw the authorisation or registration of ICE Benchmark Administration as set out in article 35 of the Benchmark Regulation or any other benchmark administrator previously authorized to publish any Replacement Reference Rate under any applicable laws or regulations is adopted but for any reason a Replacement Reference Rate is not determined, then the provisions for the determination of the rate of interest on the affected Notes will not be changed. In such cases, the Terms and Conditions of the Notes provide that, the relevant Interest Rate on such Notes will be the last Reference Rate available on the Relevant Screen Page as determined by the Calculation Agent, effectively converting such Notes into fixed rate Notes.

Furthermore, in the event that no Replacement Reference Rate is determined and the affected Notes are effectively converted to fixed rate Notes as described above, investors holding such Notes might incur costs from unwinding hedges. Moreover, in a rising interest rate environment, holders of such Notes will not benefit from any increase in rates. The trading value of such Notes could therefore be adversely affected.

Exchange rate risks and exchange controls may adversely affect the return on the Notes issued under the Programme.

The Issuer will pay principal and interest on the Notes issued under the Programme in the Specified Currency provided that in the case of Notes denominated in a Specified Currency other than U.S. dollars, the payment in the Specified Currency will only be made, in the case of Notes registered in the name of, or in the name of a nominee for, DTC, to those Noteholders having made the election described in Condition 7 of the "*Terms and Conditions of the Notes – Payments and Record Dates*", failing which the payment will be made in U.S. dollars following conversions of the relevant amounts in the Specified Currency into U.S. dollars as described in Condition 7 of the "*Terms and Conditions of the Notes – Payments and Record Dates*" and the Agency Agreement. Any such conversion undertaken by the Exchange Rate Agent will be through its foreign exchange desk at a base rate adjusted by a spread, and each component will be determined by the foreign exchange desk in its absolute discretion. The Exchange Rate Agent (and its foreign exchange desk) has no obligation to provide the best foreign exchange rate available and shall not be liable for losses associated with the determination of such rate. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency or, as the case may be as aforesaid, U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or, as the case may be as aforesaid, U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency-equivalent market value of the Notes. In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect applicable exchange rates. As a result, investors may receive an amount of interest or principal that is less than expected.

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

The terms and conditions of the Notes are governed by English law in effect as of the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely affect the value of any Notes affected by it.

Notes where denominations involve integral multiples may not be available in definitive form.

In relation to any issue of Notes which have denominations consisting of the minimum Specified Denomination (the minimum denomination of each Note will be no less than $250,000, or the foreign currency or currency unit equivalent of $250,000) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Certificate and in respect of such holding (should any Definitive Certificates be printed in applicable limited circumstances) would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Definitive Certificates are issued, holders should be aware that Definitive Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

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

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

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

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

(iv) understand thoroughly the terms of the relevant Notes issued under the Programme and be familiar with the behaviour of any relevant indices and financial markets; and

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

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

Conflicts may arise between the interests of the Calculation Agent and the interests of Noteholders

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as Calculation Agent) with respect to certain determinations and

judgments that such Calculation Agent makes pursuant to the Conditions that may influence amounts receivable by such Noteholders during the term of such Notes and/or upon redemption of the Notes.

TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions (the "**Conditions**") of the Notes that will be attached to or incorporated by reference into each Global Certificate and that will be endorsed upon each Definitive Certificate, if any, representing such Series (as defined below). The Global Certificates may take the form of one or more master notes representing one or more series of Notes. The Base Prospectus and/or any supplements to the Base Prospectus, including any applicable Pricing Supplement, from time to time prepared by, or on behalf of, the Issuer in relation to any Notes may specify other terms and conditions that shall, to the extent so specified or to the extent inconsistent with these Conditions, replace the following Conditions for the purposes of a specific issue of Notes. The applicable Pricing Supplement will be incorporated into, or attached to, each Global Certificate and endorsed upon each Definitive Certificate, if any. Capitalised terms used but not defined herein shall have the meanings assigned to them in the Agency Agreement (as defined below) or in the applicable Pricing Supplement unless the context otherwise requires or unless otherwise stated. For a description of certain other terms and conditions specifically relating to the Notes while in Global Form, see "Summary of Provisions Relating to the Notes While in Global Form" and "Clearing and Settlement."*

References herein to the Notes shall be to the Notes of one Series only, not to all Notes that may be issued under the Programme, and shall include:

(a) in relation to any Notes represented by a Global Certificate, units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Certificate; and

(c) Definitive Certificates issued in exchange (or part exchange) for Notes.

The Notes may be issued from time to time by Dexia Crédit Local (the "**Issuer**"), pursuant to an Amended and Restated Agency Agreement dated 25 June 2018 (as further amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Agency Agreement**"), between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**"), issuing and paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the "**Paying Agents**"), calculation agent (the "**Calculation Agent**") and exchange rate agent (the "**Exchange Rate Agent**"), Deutsche Bank Trust Company Americas as U.S. registrar, U.S. paying agent and U.S. transfer agent (together with any additional or other transfer agents in respect of the Notes from time to time appointed, the "**Transfer Agents**"), Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**") and Luxembourg transfer agent and Banque Internationale à Luxembourg as Luxembourg paying agent and Luxembourg listing agent. Determinations with regard to the Notes shall be made by the Calculation Agent (as described in Condition 5 below) specified in the applicable Pricing Supplement in the manner specified in such Pricing Supplement.

To the extent the applicable Pricing Supplement(s) for a particular Series of Notes specifies other terms and conditions that are in addition to, or inconsistent with, these Conditions, such new terms and conditions shall apply to such Series of Notes.

The States of Belgium, France and Luxembourg (each, a "**Guarantor**", and together the "**Guarantors**"**)** guarantee severally but not jointly, each to the extent of its percentage share indicated in the Independent On-Demand Guarantee, dated 24 January 2013, payments of principal, interest and incidental amounts due with respect to the Notes (the "**Guarantee**"). The Guarantee is an unconditional and irrevocable on-demand guarantee. For further information, see the section entitled "*The Guarantee*" in this Base Prospectus.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and the Guarantee (as defined in Condition 3(b)) are available for inspection during normal business hours by the holders of the Notes (the "**Noteholders**") appertaining to the Notes at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents (each, an "**Agent**" and together, the "**Agents**"). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents and the Agents shall include any successor appointed under the Agency Agreement.

As used in these Conditions, "**Conditions**" refers, unless the context requires otherwise, to the numbered paragraphs below, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects, including as to currency, maturity date or redemption date, as the case may be, interest basis and interest payment dates, if any, listing and admission to trading and the terms of which, save for the issue date or interest commencement date and the issue price are otherwise identical, and the expressions "**Notes of the relevant Series**" and "**Noteholders of the relevant Series**" and related expressions shall be construed accordingly. If Notes of a further Tranche of a Series are not fungible with the existing Notes of the Series for United States federal income tax purposes, then the Notes of that further Tranche will have a CUSIP, ISIN or other identifying number that is different from that of the existing Notes of the Series.

The owners shown in the records of Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**"), Clearstream Banking, S.A. ("**Clearstream**") and the Depository Trust Company ("**DTC**") of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them.

References to DTC, Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (an "**Alternative Clearing System**") specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and Fiscal Agent.

1. Form, Denomination and Title

(a) Form and Denomination

The Notes will be issued in registered form only in the Specified Currency and Specified Denominations shown in the applicable Pricing Supplement. Unless otherwise stated in the applicable Pricing Supplement, the Notes will be issued in minimum denominations of U.S.$250,000 (the "**principal amount**" of such Note) or its approximate equivalent in another Specified Currency and integral multiples of U.S.$1,000 (or an approximate equivalent in another Specified Currency) in excess thereof. The Notes will be in global form ("**Global Certificates**") and will trade only in book-entry form, and Global Certificates will be issued in physical (paper) form (or in the form of one or more master notes), registered in the name of DTC or its nominee and deposited with a custodian for DTC, or held on behalf of Euroclear and/or Clearstream, Luxembourg, as described in the Agency Agreement.

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

In certain circumstances, the Notes may be represented by registered certificates in physical form ("**Definitive Certificates**"), and except as otherwise provided in Condition 2(b), each

Definitive Certificate will represent the entire holding of Notes by the same Noteholder. A Definitive Certificate will be numbered serially with an identifying number recorded on the relevant Note and in the register of Noteholders which the Issuer will procure to be kept by the Registrar. The Notes are not issuable in bearer form.

The Restricted and Unrestricted Global Certificates will be subject to certain restrictions on transfer contained in a legend appearing on the face of each such Note as set forth below and under "*Transfer Restrictions*" in the Base Prospectus. Beneficial interests in any Restricted Global Certificate may be held only through DTC or its participants at any time.

For a further description, see "*Summary of Provisions Relating to the Notes While in Global Form*".

(b) Title

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Certificate, without prejudice to the provisions set out in "*Summary of Provisions Relating to the Notes While in Global Form*".

2. Transfers of Notes

(a) Transfers of Interests in Global Certificates

Transfers of beneficial interests in Global Certificates will be effected by DTC, Euroclear or Clearstream, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for a beneficial interest in another Global Certificate, and in certain circumstances, Definitive Certificates, only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Global Certificate registered in the name of DTC or a nominee for DTC shall be limited to transfers of such Global Certificate, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Interests in Restricted Global Certificates

Transfers of beneficial interests in Restricted Global Certificates may be made:

(i) to a transferee who takes delivery of such interest through an Unrestricted Global Certificate, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of an Unrestricted Global Certificate registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream; or

(ii) to a transferee who takes delivery of such interest through a Restricted Global Certificate where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(iii) otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable U.S. securities laws,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Notes representing a beneficial interest in a Restricted Global Certificate, or upon specific request for removal of the Legend, the Registrar shall deliver only Restricted Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(c) Transfers of Interests in Unrestricted Global Certificates

Prior to expiry of the applicable Distribution Compliance Period, transfers of a beneficial interest in an Unrestricted Global Certificate to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(ii) otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable U.S. securities laws,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery of such interest through a Restricted Note. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Unrestricted Global Certificates registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(d) Issuance, Exchanges and Transfers of Definitive Certificates

Each new Definitive Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer

endorsed on the relevant Note, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Note is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see "*Summary of Provisions Relating to the Notes While in Global Form—Exchange of Interests in Global Certificates for Definitive Certificates*"), owners of interests in the Notes will not be entitled to receive physical delivery of Notes. Issues of Definitive Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described herein and in the Agency Agreement and, in the case of Restricted Notes, compliance with the Legend.

Holders of Definitive Certificates may exchange such Notes for interests in a Global Certificate of the same type at any time, subject to compliance with all applicable legal and regulatory restrictions and upon the terms and subject to the conditions set forth in the Agency Agreement.

(e) Exercise of Options or Partial Redemption in Respect of Notes

In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Global Certificates will be governed by the standard procedures of DTC, Euroclear and/or Clearstream, (to be reflected in the records of DTC, Euroclear and Clearstream as a reduction in nominal amount, at their discretion) or any Alternative Clearing System.

Where some but not all of the Notes in respect of which a Definitive Certificate is issued are to be transferred, a new Definitive Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Definitive Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

(f) Transfer Free of Charge

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

(g) Closed Periods

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

(h) Definitions

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

"**Distribution Compliance Period**" means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Representative (in the case of a syndicated issue and as defined in the relevant subscription agreement);

"**Restricted Note(s)**" means Notes initially (whether in definitive form or represented by a Global Certificate) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (the "**Legend**");

"**QIB**" means a "qualified institutional buyer" within the meaning of Rule 144A;

"**Regulation S**" means Regulation S under the Securities Act;

"**Restricted Global Certificate**" means a Global Certificate representing Notes sold in the United States to QIBs;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**Unrestricted Global Certificate**" means a Global Certificate representing Notes sold outside the United States in reliance on Regulation S; and

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

(i) Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. Status and Guarantee

(a) Status

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

(b) Guarantee

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

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

4. Negative Pledge

The Issuer undertakes that, so long as any of the Notes remain outstanding (as defined in the Agency Agreement), it will not secure or allow to be or to remain secured any Marketable Indebtedness (as defined below) now or hereafter existing by any mortgage, lien, pledge, assignment or charge upon any of the present or future revenues or assets of the Issuer without at the same time according to the Notes an equal and rateable interest in the same security.

As used in this paragraph, "**Marketable Indebtedness**" means indebtedness in whatever currency in the form of, or represented or evidenced by, bonds, notes, debentures or other securities which, in connection with their initial distribution, (i) are or are to be quoted, listed or traded on any stock exchange or over-the-counter or other securities market and (ii) are intended to be offered or distributed, directly or indirectly, by or with the authorisation of the Issuer to persons resident outside the Republic of France and/or to qualified investors within the Republic of France.

5. Interest and other Calculations

(a) Definitions

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

"**Business Day**" means:

(i) in the case of a Specified Currency and/or one or more business centres specified in the applicable Pricing Supplement ("**Business Centre(s)**"), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centre(s);

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

(iii) in the case of euro, a day on which the TARGET system is operating (a "**TARGET Business Day**");

"**Calculation Amount**" means the amount described as such in the applicable Pricing Supplement;

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

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

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

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

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

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of

days in such Determination Period and (2) the number of Determination Periods normally ending in any year.

Where:

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

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

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

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

"**Interest Amount**" means:

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

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

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

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

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

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

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

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

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

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

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

"**Relevant Date**" means, in respect of any Note, the date on which payment in respect of it becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the relevant Note being made in accordance with the Conditions, such payment will be made; provided that payment is in fact made upon such presentation;

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

"**Specified Currency**" means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or 7 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it, and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under Condition 8.

(b) Interest on Fixed Rate Notes

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

If a Fixed Coupon Amount or a Broken Amount is specified in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount (each as defined in the applicable Pricing Supplement) so specified and in the case of the Broken Amount will be

payable on the particular Interest Payment Date(s) specified in the applicable Pricing Supplement.

(c) Interest on Floating Rate Notes

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

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day 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.

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

(A) Screen Rate Determination for Floating Rate Notes

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

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or

Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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

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

(z) (1) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Issuer by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been

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

(2) except that, if (i) the Issuer or Calculation Agent determines that the absence of quotation is due to the discontinuation of the Relevant Screen Page or (ii) following the adoption of a decision to withdraw the authorisation or registration of ICE Benchmark Administration as set out in article 35 of the Benchmark Regulation or any other benchmark administrator previously authorised to publish any Replacement Reference Rate under any applicable laws or regulations, then the Reference Rate will be determined in accordance with paragraph (aa) below.

(aa) Notwithstanding paragraph (y) above, (1) if the Issuer or the Calculation Agent determines at any time prior to, on or following any Interest Determination Date, that the Relevant Screen Page on which appears the Reference Rate has been discontinued or (2) following the adoption of a decision to withdraw the authorisation or registration of ICE Benchmark Administration as set out in article 35 of the Benchmark Regulation or any other benchmark administrator previously authorised to publish any Replacement Reference Rate (as defined below) under any applicable laws or regulations, the Issuer will as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date) appoint an agent (the "**Reference Rate Determination Agent**"), which will not later than the Interest Determination Cut-off Date (as defined below) determine in a commercially reasonable manner whether a substitute or successor rate for purposes of determining the Reference Rate on each Interest Determination Date falling on such date or thereafter that is substantially comparable to the discontinued Reference Rate is

available. If the Reference Rate Determination Agent determines that there is an industry accepted successor rate, the Reference Rate Determination Agent will use such successor rate to determine the Reference Rate. If the Reference Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**"), for purposes of determining the Reference Rate on each Interest Determination Date falling on or after such determination, (i) the Reference Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction, and any method for obtaining the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the discontinued Reference Rate, in each case in a manner that is consistent with industry-accepted practices for such Replacement Reference Rate; (ii) references to the Reference Rate in the Conditions and the Pricing Supplement applicable to the relevant Notes will be deemed to be references to the Replacement Reference Rate, including any alternative method for determining such rate as described in (i) above; (iii) the Reference Rate Determination Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (iv) the Issuer will give notice as soon as reasonably practicable to the Noteholders, the relevant Paying Agent , the Exchange Rate Agent, and the Calculation Agent specifying the Replacement Reference Rate, as well as the details described in (i) above.

(bb) The determination of the Replacement Reference Rate and the other matters referred to above by the Reference Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Fiscal Agent, the Paying Agent, the Exchange Rate Agent and the Noteholders, unless the Issuer considers at a later date that the Replacement Reference Rate is no longer substantially comparable to the Reference Rate or does not constitute an industry accepted successor rate, in which case the Issuer shall re-appoint a Reference Rate Determination Agent (which may or may not be the same entity as the original Reference Rate Determination Agent) for the purpose of confirming the Replacement Reference Rate or determining a substitute Replacement Reference Rate in an identical manner as described in paragraph (aa), which will then (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Fiscal Agent, the Paying Agent, the Exchange Rate Agent and the Noteholders. If the Reference Rate Determination Agent is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the last known Replacement Reference Rate will remain unchanged.]

(cc) If the Reference Rate Determination Agent determines that the Relevant Screen Page on which appears the Reference Rate has been discontinued or a decision to withdraw the authorisation or registration of ICE Benchmark Administration as set out in article 35 of the Benchmark Regulation or any other benchmark administrator previously authorised to publish any Replacement Reference Rate

under any applicable laws or regulations has been adopted but for any reason a Replacement Reference Rate has not been determined later than the Interest Determination Cut-off Date, no Replacement Reference Rate will be adopted, and the Relevant Screen Page on which appears the Reference Rate for the relevant Interest Accrual Period will be equal to the last Reference Rate available on the Relevant Screen Page as determined by the Calculation Agent.

(dd) The Reference Rate Determination Agent may be (i) a leading bank or a broker-dealer in the principal financial center of the Specified Currency (which may include one of the Dealers involved in the issue of the Notes) as appointed by the Issuer, (ii) the Issuer or an affiliate of the Issuer (but in which case any such determination shall be made in consultation with an independent financial advisor)], (iii) the Calculation Agent or (iv) any other entity which the Issuer considers has the necessary competences to carry out such role.

(ee) "**Interest Determination Cut-off Date**" means the date which falls fifteen (15) calendar days before the end of the Interest Accrual Period relating to the Interest Determination Date in respect of which the provisions of paragraphs (aa) to (dd) of Condition 5 (c) (iii) (A) shall be applied by the Issuer. As of 31 December 2017, the Group's Total Capital ratio was 20.4% compared to 16.8% as of 31 December 2016. The amount deducted from regulatory capital for the AFS reserve amounted to EUR 2.8 billion as at 31 December 2017, compared to EUR 2.7 billion as at 31 December 2016, despite the phased deduction (80% in 2017 against 60% in 2016, in accordance with the schedule defined by the CRD IV Directive).

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

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

(B) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (B), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by

the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

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

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

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

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

(d) Zero Coupon Notes

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

(e) Interest Payments and Accrual of Interest

Interest will be paid subject to and in accordance with the provisions of Condition 7. Interest shall cease to accrue on the Notes on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.

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

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

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

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be

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

(g) Calculations

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

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

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination

or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) Calculation Agent

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

6. Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) Redemption at the Option of the Issuer ("Call Option"), and Partial Redemption

If a Call Option is specified in the applicable Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 14 (or such other notice period as may be specified in the applicable Pricing Supplement) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date (as defined in the applicable Pricing Supplement). Any such redemption of Notes shall be at their Optional Redemption Amount (as defined in the applicable Pricing Supplement) together with interest accrued to the date fixed for redemption.

If specified in the applicable Pricing Supplement, any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount (as defined in the applicable Pricing Supplement) to be redeemed specified in the applicable Pricing Supplement and no greater than the Maximum Redemption Amount (as defined in the applicable Pricing Supplement) to be redeemed specified in the applicable Pricing Supplement.

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

In the case of a partial redemption the notice to Noteholders shall specify the nominal amount of Notes drawn and the holder(s) of such Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

So long as the Notes are admitted to trading on the Luxembourg Stock Exchange and the rules of that regulated market so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg or, so long as the rules of such Regulated Market so permit, on the website of the Luxembourg Stock Exchange, a notice specifying the aggregate nominal amount of Notes outstanding.

(c) Redemption at the Option of Noteholders

If a Put Option is specified in the applicable Pricing Supplement, upon any Noteholder giving not less than 15 nor more than 30 days' irrevocable notice to the Issuer in accordance with Condition 14 (or such other notice period as may be specified in the applicable Pricing Supplement), the Issuer will, upon expiration of such notice, redeem, subject to and in accordance with the terms specified in the applicable Pricing Supplement, in whole, but not in part, such Note on the Optional Redemption Date (as defined in the applicable Pricing Supplement). Any such redemption of Notes shall be at their Optional Redemption Amount (as defined in the applicable Pricing Supplement) together with interest accrued to the date fixed for redemption.

For Global Certificates held through DTC, to exercise the right to require redemption of such Note the holder of the Note must, within the notice period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of DTC, which may include notice being given on his instruction by DTC to the Paying Agent by electronic means, in a form acceptable to DTC from time to time.

(d) Early Redemption

(A) Zero Coupon Notes

(i) Unless otherwise specified in the relevant Pricing Supplement, the Early Redemption Amount payable in respect of any Note, the Rate of Interest of which is specified to be Zero Coupon, upon redemption of such Note pursuant to Condition 8 or, if applicable, Condition 6(b) or (c) or upon it becoming due and payable as provided in Condition 11, shall be:

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

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

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the applicable Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date (the "**Amortisation Yield**")) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 8 or, if applicable, Condition 6(b) or (c), or upon it becoming due and payable (including as provided in Condition 11), is

not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation by the Issuer of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date (as defined in Condition 8), unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(e).

Where such calculations are to be made for a period of less than one year, they shall be made on the basis of the Day Count Fraction shown in the applicable Pricing Supplement.

(B) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (A) above), upon redemption of such Note pursuant to Condition 8 or upon it becoming due and payable (including as provided in Condition 11), shall be the Final Redemption Amount unless otherwise specified in the applicable Pricing Supplement.

(e) Purchases

The Issuer shall have the right at all times to purchase Notes in the open market or otherwise at any price.

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

(f) Cancellation

All Notes redeemed by the Issuer and all Notes purchased by or on behalf of the Issuer will be cancelled forthwith by surrendering the Note representing such Notes to the Registrar, and may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

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

7. Payments

(a) Payments and Record Dates

(i) Payments of principal in respect of Notes shall be made against presentation and surrender of the relevant Note at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on the Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or in case of Notes to be cleared through DTC, on the fifteenth calendar day before the due date

for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in the currency in which such payments are due by wire transfer to the registered holder of such Note at its address appearing in the Register. Upon application by the holder to the specified office of any Paying Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank. "**Bank**" means a bank in the principal financial centre of the country of the currency concerned or, in the case of euro, in a city in which banks have access to the TARGET System.

(iii) If specified in the applicable Pricing Supplement, the Notes will be issued in the form of one or more Global Certificates and may be registered in the name of, or in the name of a nominee for, DTC. Payments of principal and interest in respect of Notes denominated in U.S. dollars will be made in accordance with Conditions 7(a)(i) and 7(a)(ii). Payments of principal and interest in respect of Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by the Exchange Rate Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Exchange Rate Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the Exchange Rate Agent who will make payments in such Specified Currency by wire transfer of same-day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the fifth DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. For the purpose of this Condition 7(a)(iii), "**DTC business day**" means any day on which DTC is open for business. The Fiscal Agent, after the Exchange Rate Agent has converted amounts in such Specified Currency into U.S. dollars, will cause the U.S. Paying Agent to deliver or procure delivery of such U.S. dollar amount in same-day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made.

Notwithstanding this Condition 7, so long as the Notes are represented by the Unrestricted Global Certificates, payment in respect of an Unrestricted Global Certificate will be made to the person shown as the holder in the Register at the close of business in the place of the Registrar's specified office on the Clearing System Business Day before the relevant due date for payment. For the purpose of any payment made in respect of an Unrestricted Global Certificate, the relevant place of presentation shall be disregarded in any definition of "business day".

(b) Payments Subject to Applicable Laws

Without prejudice to the provisions of Condition 8, all payments are subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in the place of payment (whether by operation of law or agreement of the Issuer) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing any intergovernmental approach thereto. The Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws,

regulations, directives or agreements, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) Appointment of Agents

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Rate Agent, and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Base Prospectus relating to the Programme. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents, the Exchange Rate Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholders.

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents; provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) one or more Calculation Agent where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg so long as Notes are listed and admitted to trading on the Luxembourg Stock Exchange and the rules of such stock exchange so require) and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed (which shall include an agent with a specified office in Luxembourg as long as the Notes are listed on the Luxembourg Stock Exchange).

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

(d) Business Days for Payments

If any date for payment in respect of any Note is not a business day, the Noteholder shall not be entitled to payment until the next following business day (or such other date as may be specified in the applicable Pricing Supplement or by an applicable Business Day Convention) nor to any interest or other sum in respect of such postponed payment.

8. Taxation

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

(b) If, on the occasion of the next payment due on the Notes, the Issuer would be required, for any reason whatsoever, to make a withholding or deduction with respect to any taxes, duties, assessments or government charges of whatever nature imposed by the French Republic, the Issuer will pay such additional amounts as may be necessary in order that the holders of the Notes, after such withholding or deduction will, to the fullest extent then permitted by law, receive the full amount then due and payable that would have been received by them had no such withholding or deduction been required; *provided that* no such additional amount shall be payable with respect to any Note:

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

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

(iii) presented for payment (where presentation is required) more than 30 days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day; or

(iv) in respect of any estate, inheritance, gift, sales, transfer, personal property, or any similar tax, assessment or governmental charge; or

(v) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing any intergovernmental approach thereto.

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date that is the later of:

(A) the date on which the payment in respect of such Note first became due and payable; or

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

References in these Conditions to "**principal**," "**premium**" and/or "**interest"** shall be deemed to include any additional amounts which may be payable under this Condition 8.

(c) If as a result of any amendment to or change in the laws or regulations of the French Republic or of any political subdivision thereof or any authority therein or thereof having power to tax or any change in the official interpretation or application of such laws or regulations which becomes effective (or in the case of change in the interpretation or application of the laws or regulations, is announced) on or after the date of the applicable Pricing Supplement, the Issuer has or will, when the next payment becomes due on the Notes, become obliged to pay additional amounts as described in paragraph (b) above, (and such amendment or change has been evidenced by the delivery by the Issuer to the Fiscal Agent (who shall accept such certificate and opinion as sufficient evidence thereof) of (i) a certificate signed by two directors of the Issuer on behalf of the Issuer stating that such amendment or change has occurred (irrespective of whether such amendment or change is then effective), describing the facts leading thereto and stating that such requirement cannot be avoided by the Issuer taking reasonable measures available to it and (ii) an opinion of independent legal advisers of recognised standing to the effect that such amendment or change has occurred), the Issuer may redeem all (but not some only) of the outstanding Notes on any Interest Payment Date, in the case of the Floating Rate Notes, or at any time, in the case of the Fixed Rate Notes, at their principal amount or in the case of the Zero Coupon Notes, at their Early Redemption Amount or the Amortisation Face Amount, as shall be specified in the applicable Pricing Supplement; together (other than in the case of Zero Coupon Notes) with any accrued interest to the date set for redemption.

(d) In the event that (i) the Issuer is required to pay additional amounts as described in paragraph (b) above, (ii) any French law or regulation should prohibit payment of such additional payments, and (iii) the obligation to pay such additional amounts cannot be avoided by reasonable measures available to the Issuer (which measures, if they exist, the Issuer shall be obliged to take to the fullest extent permitted by law), the Issuer shall redeem all (but not some only) of the outstanding Notes at their principal amount or in the case of the Zero Coupon Notes at their Early Redemption Amount or the Amortisation Face Amount, as shall be specified in the applicable Pricing Supplement; together (other than in the case of Zero Coupon Notes) with any accrued interest to the date set for redemption.

(e) The Issuer shall give notice of any optional redemption pursuant to paragraph (c) above at least 30 days and not more than 60 days prior to the date set for redemption by publishing a notice of redemption in accordance with Condition 14. In the event of mandatory redemption pursuant to paragraph (d) above, the Issuer shall publish a notice of redemption (in accordance with the same provisions) as soon as possible after the necessity of such redemption becomes apparent but not more than 60 days prior to the date set for redemption. Each such redemption notice shall be given not earlier than 60 days prior to the earliest date on which the Issuer would be obliged to pay additional amounts pursuant to this Condition 8 and not later than the date on which such additional payments would have been due or as soon as practicable thereafter.

9. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

10. Meetings of Noteholders and Modification

(a) Meetings of Noteholders

As the Notes will be issued outside of the Republic of France within the meaning of Article L. 228-90 of the French Commercial Code, and as the Notes are construed in accordance with English law, the provisions of the French Commercial Code relating to the masse will not apply to the Noteholders.

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

Such a meeting may be convened by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of Notes held or represented, unless the business of such meeting includes the consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of any of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount or any premium payable on redemption of the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest

Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount applies to any Notes and is specified in the applicable Pricing Supplement, to reduce any such Minimum and/or such Maximum Rate of Interest, (v) to change the method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount or, in the case of Zero Coupon Notes, changes to the method of calculating any Amortised Face Amount or Zero Coupon Early Redemption Amount, as the case may be, (vi) to change the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75% of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

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

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

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

(b) Modification

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

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

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

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

11. Events of Default

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

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

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

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

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

provided, however, that in respect of an event referred to in (i) or (ii) above, that such event continues for a period of at least 60 days (the "**Guarantee Cure Period**"), unless any interest, principal or any other amount under the Notes shall have become due and not have been paid at any time before any such event has occurred or during the Guarantee Cure Period, in which case an Event of Default shall be deemed to have occurred immediately without the necessity of waiting for the Guarantee Cure Period to expire.

For the avoidance of doubt, no other event shall be deemed to be an Event of Default under these Conditions, except those listed in this paragraph.

12. Replacement of Notes

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

13. Further Issues and Consolidation

The Issuer may from time to time without the consent of the Noteholders create and issue additional notes having the same terms and conditions as the Notes in all respects or in all respects except for the first payment of interest on them so that the same shall be consolidated and form a single series with such Notes; provided that if such additional Notes are not fungible with the original Notes for United States federal income tax purposes, the additional Notes will have a CUSIP, ISIN or other identifying number that is different from that of the original Notes. For the purposes of French law, such additional notes shall be consolidated (*assimilables*) to the Notes as regards their financial service. References in these Conditions to "**Notes**" shall be construed accordingly.

14. Notices

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

expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

So long as any Restricted Global Certificate is held on behalf of DTC or any Alternative Clearing System, notices to holders of Notes represented by a beneficial interest in such Restricted Global Certificate may be given by delivery of the relevant notice to DTC or the Alternative Clearing System in such manner as the Registrar and any of the aforementioned clearing systems, as the case may be, approve for this purpose, and, so long as any Unrestricted Global Certificate is held on behalf of DTC, Euroclear and Clearstream or any Alternative Clearing System, notices to holders of Notes represented by a beneficial interest in such Unrestricted Global Certificate may be given by delivery of the relevant notice to DTC, Euroclear or Clearstream, or, as the case may be, the Alternative Clearing System, except that so long as the Notes are also listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the regulated market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, such notices shall also be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Note, with the Fiscal Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with the standard rules and procedures of such clearing system.

15. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

16. Bail-in

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements, or understanding between the Issuer and any holder of Notes, by its acquisition of the Notes, each holder acknowledges, accepts, consents and agrees to be bound by:

(A) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority that may include and result in any of the following, or some combination thereof:

(x) the reduction of all, or a portion, of the principal amount of, or interest (if any) on, the Notes;

(y) the conversion of all, or a portion, of the principal amount of, or interest (if any) on, the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the holder of the Notes of such shares, securities or obligations;

(z) the cancellation of the Notes; and/or

(aa) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and

(B) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

For these purposes:

"**Bail-in Power**" is any write-down, conversion, transfer, modification or suspension power existing from time to time under any laws, regulations, rules or requirements in effect in France relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**") as amended from time to time including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (*Ordonnance portant diverses dispositions d'adaptation de la legislation au droit de l'Union européenne en matière financière*) (as amended from time to time, the "**20 August 2015 Decree Law**"), Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, the "**Single Resolution Mechanism Regulation**"), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (as defined below) (or an affiliate of such Regulated Entity) can be reduced (in part or whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

A reference to a "**Regulated Entity**" is any entity referred to in Section 1 of Article L.613-34 of the French *Code monétaire et financier* as modified by the 20 August 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

A reference to the "**Relevant Resolution Authority**" is to the *Autorité de contrôle prudential et de resolution* (the "**ACPR**"), the Single Resolution Board established pursuant to the Single Resolution Mechanism Regulation, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Powers from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

17. Governing Law and Jurisdiction

(a) Governing Law

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

(b) Jurisdiction

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

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

(c) Additional Jurisdiction

The federal and state courts in the Borough of Manhattan in the City of New York are to have additional jurisdiction to settle such disputes and accordingly any Proceedings may be brought in such courts, in which case nothing in this Condition shall affect the right of any holder of Notes to bring suit in any court that may have jurisdiction of the Issuer by virtue of the offer or sale of its Notes or otherwise.

(d) Service of Process in England

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

(e) Service of Process in the United States

Service of process in any Proceedings in New York or in the United States Federal Courts sitting in the City of New York may be made on the Issuer at its New York City Branch presently at 445 Park Avenue, New York, New York 10022. Such service shall be deemed completed on delivery to such address (whether or not it is forwarded to and received by the Issuer). If for any reason the Issuer no longer has a branch in New York City, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The following information relates to the Notes in global form. Capitalised terms used but not defined herein have the meanings provided in the section entitled "*Terms and Conditions of the Notes*".

1. Form of Notes

Unless otherwise agreed between the Issuer and the relevant Dealer(s), Notes offered and sold in reliance on Rule 144A will be represented by interests in one or more Restricted Global Certificates, in registered form, without interest coupons attached, which will be deposited on or about the closing date with a Custodian for, and registered in the name of Cede & Co. as nominee for, DTC. Restricted Global Certificates (and any definitive Certificates which may be issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note as set forth under "*Transfer Restrictions*" below. Beneficial interests in any Restricted Global Certificate may be held only through DTC or its participants at any time.

Notes offered and sold outside the United States in reliance on Regulation S will be represented by interests in an Unrestricted Global Certificate, in registered form, without interest coupons attached.

Unless otherwise agreed between the Issuer and the relevant Dealer(s), Unrestricted Global Certificates not held under the NSS will be deposited on or about the closing date (a) with a Custodian for, and registered in the name of Cede & Co. as nominee for, DTC, or (b) with and registered in the name of a nominee for, a common depositary (the "**Common Depositary**") for, and in respect of interests held through, Euroclear and Clearstream. If the Unrestricted Global Certificates are stated in the applicable Pricing Supplement to be held under the NSS, the Unrestricted Global Certificates will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear and Clearstream Luxembourg. Where a Global Certificate is held under the NSS, the Issuer has authorised and instructed the Fiscal Agent to elect Clearstream as Common Safekeeper. From time to time, the Issuer and the Fiscal Agent may agree to vary this election. Depositing the Unrestricted Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Restricted Global Certificates will have a CUSIP number and an ISIN and unrestricted Global Certificates will have an ISIN and a Common Code.

2. Exchange of Interests in Global Certificates for Definitive Certificates

Registration of title to Notes initially represented by a Restricted Global Certificate in a name other than DTC or a successor depositary or one of their respective nominees will not be permitted unless (a) such depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Notes or ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary, (b) principal or interest in respect of any Notes is not paid when due, or (c) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of France which would not be suffered were the Notes in definitive form, by the

Issuer giving notice to the Registrar and the Holders of the Notes of its intention to exchange the Restricted Global Certificate for individual definitive certificates (the "**Restricted Definitive Certificates**") on or after the Exchange Date (as defined below) specified in the notice.

Registration of title to Notes initially represented by an Unrestricted Global Certificate in a name other than (a) the nominee of DTC or a successor depositary or one of their respective nominees, or (b) the Common Depositary or, as the case may be, the Common Safekeeper for Euroclear and Clearstream will not be permitted unless (a) DTC, Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holidays statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, (b) principal or interest in respect of any Notes is not paid when due, or (c) the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of France which would not be suffered were the Notes in definitive form, by the Issuer giving notice to the Registrar and the Holders of the Notes of its intention to exchange the Unrestricted Global Certificate for individual definitive certificates (the "**Unrestricted Definitive Certificates**", and together with the Restricted Definitive Certificates, the "**Definitive Certificates**") on or after the Exchange Date (as defined below) specified in the notice.

"**Exchange Date**" means a day falling not later than 60 calendar days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the relevant Registrar or the relevant Paying Agent is located and, except in the case of an exchange pursuant to clause (a) in either paragraph above, in cities where the relevant Clearing System(s) are located.

If any of the events in the first or second paragraphs of this Section 2 occurs, the relevant Global Certificate shall be exchangeable in full for Definitive Certificates and the Issuer will, free of charge to the Holders of the relevant Notes (but against such indemnity as the relevant Registrar or any relevant Paying Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the relevant Registrar for completion and dispatch to the relevant Holders of the relevant Notes. A person having an interest in a Restricted Global Certificate or an Unrestricted Global Certificate must provide the relevant Registrar with (a) a written order containing instructions and such other information as the Issuer and the relevant Registrar may require to complete, execute and deliver such Definitive Certificates and (b) in the case of the Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Definitive Certificates issued in exchange for an interest in a Restricted Global Certificate shall bear the legend, if required, applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

The Registrars will not register the transfer of, or exchange of interests in, the Restricted Notes or the Unrestricted Notes for Definitive Certificates on the Clearing System Business Day before the due date for any payment of principal or interest in respect of the Notes.

"**Clearing System Business Day**" means (i) in respect of Notes held through DTC, a day when DTC is open for business, and (ii) in respect of Notes held through Euroclear or Clearstream, Monday to Friday inclusive, except 25 December and 1 January, and (iii) in respect of Notes held through any other clearing system, a day on which any such clearing system is open for business.

3. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear, Clearstream, or any other permitted clearing system ("**Alternative Clearing System**") as the holder of any Notes represented by a Global Certificate must look solely to DTC, Euroclear, Clearstream, or any such Alternative Clearing System (as the case may be) for its share of each payment made by the Issuer to the holder of the underlying Notes and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of DTC, Euroclear, Clearstream, or such Alternative Clearing System (as the case may be).

4. Promise to Pay and Direct Rights

The Global Certificates contain provisions under which the Issuer covenants in favour of each person who is for the time being shown in the records of (i) Euroclear or Clearstream (as the case may be) or (ii) the Registrar as the holder of a particular principal amount of Notes (each a "**Beneficiary**") that it will make all payments in respect of the principal amount of Notes or interest thereon for the time being shown in the records of Euroclear or Clearstream, or the DTC Custodian (as the case may be) as being held by the Beneficiary and represented by a Global Certificate to the Noteholder and acknowledges that each Beneficiary may take proceedings to enforce such covenant directly against the Issuer in the event that the relevant Global Certificate (or any part of it) has become due and repayable in accordance with the Conditions and payment in full of the amount due has not been made to the Noteholder in accordance with the provisions set out in the relevant Global Certificate.

5. Amendment to Conditions

The Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

(a) **Payments:** If an Unrestricted Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by such Unrestricted Global Certificate will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

(b) **Record Date:** So long as the Notes are represented by the Global Certificates, payment in respect of a Global Certificate will be made to the person shown as the holder in the Register at the close of business in the place of the Registrar's specified office on the Clearing System Business Day before the relevant due date for payment. For the purpose of any payment made in respect of a Global Certificate, the relevant place of presentation shall be disregarded in the definition of business day set out in Condition 5.

(c) **Notices:** So long as any Restricted Global Certificate is held on behalf of DTC or any Alternative Clearing System, notices to Noteholders represented by a beneficial interest in such Restricted Global Certificate may be given by delivery of the relevant notice to DTC or the Alternative Clearing System, and; so long as any Unrestricted Global Certificate is held on behalf of DTC, Euroclear and Clearstream or any other Alternative Clearing System, notices to Noteholders represented by a beneficial interest in such Unrestricted Global Certificate may be given by delivery of the

relevant notice to DTC, Euroclear or Clearstream or, as the case may be, the Alternative Clearing System, except that so long as the Notes are also listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the regulated market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

(d) **Purchase and Cancellation:** Cancellation of any Note represented by a Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of such Global Certificate and in the relevant Register.

(e) **Issuer's Option:** In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of DTC and/or Euroclear and/or Clearstream, or any other clearing system (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

USE OF PROCEEDS

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

SUPERVISION AND REGULATION OF DEXIA CRÉDIT LOCAL

The following paragraphs set forth information relating to the regulatory framework governing financial institutions in France.

The Basel framework

DCL is subject to extensive regulation and supervision by several bodies in all jurisdictions in which it operates. The rules applicable to banks and other entities in banking groups are mainly provided by implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision ("**BCBS**") and aim at preserving their stability and solidity and limiting their risk exposure.

In accordance with the regulatory frameworks defined by the BCBS and consistent with the current regulatory framework in place at both the European Union and Member State level, the Dexia Group governs, among other things, liquidity levels and capital adequacy, the prevention of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. In order to operate in compliance with these regulations, the Dexia Group has in place specific procedures and internal policies.

At a global level, in the wake of the global financial crisis that began in 2008, the BCBS approved, in the fourth quarter of 2010, revised global regulatory standards on bank capital adequacy and liquidity, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards ("**Basel III framework**"). The Basel III framework adopts a gradual approach, with the requirements to be implemented over time and with the aim of full enforcement by 1 January 2019.

In January 2013, the BCBS released a revised version of its original proposal in respect of the liquidity requirements accepting a number of the concerns raised by the banking industry. First, the phasing-in of the **LCR** will take place in a gradual manner (*i.e.*, an annual increase of 10%), starting with 60% in 2015 and ending with 100% in 2019. Second, the BCBS expanded the definition of high quality liquid assets ("**HQLA**") to include certain lower quality corporate debt securities, equities and residential mortgage-backed securities, subject to higher haircuts and an absolute limit. In January 2014, the BCBS finalised its work on the LCR by the release of a package of material including (i) a modification of the definition of HQLA to provide greater use of committed liquidity facilities provided by central banks, (ii) final requirements for banks' LCR-related disclosures to improve transparency and enhance market discipline and (iii) guidance for supervisors on market-based indicators of liquidity to help supervisors assess whether assets are suitably liquid for LCR purposes.

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

The Dexia Group has implemented all the mechanisms associated with the Basel framework and has adopted a mechanism for constant improvement, particularly by integrating provisions linked to CRD (evolution of the calculation of major risks, retention of a portion of securitised exposures) and CRD III (introduction of a stressed Value at Risk, taking account of requirements for the calculation of capital consumption for securitisation and re-securitisation positions, which are nonetheless limited for DCL). In addition, in connection with CRD IV, the Dexia Group established a dedicated governance system involving close collaboration between the risk and finance teams in order to make

all the changes necessary in respect of the new requirements for the calculation of capital consumption (Credit Valuation Adjustments, Asset Value Correlation, liquidity, definition of capital).

Regarding credit risk, since 1 January 2008, Dexia has been authorised to use the Advanced Internal Rating-Based Approach (AIRB Approach) for the determination of its regulatory capital requirements under the Basel III for credit risk and for the calculation of its solvency ratios. This is applicable to all entities and subsidiaries consolidated within the Dexia Group that are established in a Member State of the European Union and subject to the CRD. Dexia nevertheless decided to maintain a Standard Approach for some portfolios, such as small business units and non-material portfolios, which is specifically authorised by the Basel III framework. As a result of the disposal of some entities and the drastic decrease of some portfolios, Dexia presented an official request to the National Bank of Belgium (NBB) to switch some portfolios from the Advanced to the Standard Approach. These portfolios have become non-material in terms of exposures and/or number of counterparties. The switch from Advanced to Standard Approach has been implemented as from the June 2013 reporting date following the NBB's official acceptance. There have been no changes in the list of portfolios under the Advanced Approach in 2014 and 2015.

Dexia has developed and adapted capabilities to address all internal process requirements under the Orderly Resolution Plan and keeps its supervisors closely informed of all related developments such as the Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP).

Market discipline defines a series of qualitative and quantitative risk related disclosures to be disseminated to market operators and is applicable at the Dexia Group consolidated level and has been an integral part of its external communication since 2008.

The French banking system

All French credit institutions are required to belong to a professional organisation or central body affiliated with the French Credit Institutions and Investment Firms Association (*Association française des établissements de crédit et des entreprises d'investissement*), which represents the interests of credit institutions, payment institutions and investment firms in particular with the public authorities, provides consultative advice, disseminates information, studies questions relating to banking and financial services activities and makes recommendations in connection therewith. Most registered banks, including DCL, are members of the French Banking Federation (*Fédération bancaire française*).

French banking regulatory and supervisory bodies

Council Regulation (EU) no. 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions has established a new central authority to the European Central Bank for prudential supervision of individual credit institutions of each country of the European Union which meet certain criteria. The framework of the Single Supervisory Mechanism (the "**SSM**") between the ECB and national competent authorities ("**NCA**") was established by the Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014. As a significant bank, the Dexia Group has been subject to the direct supervision of the ECB since 4 November 2014 in the context of the SSM

The respective ECB and NCA supervisory responsibilities are now allocated on the basis of the significance of the entities that fall under the scope of the SSM. The European Central Bank now has direct supervisory authority for institutions that are significant whereas the competent national authorities are responsible for directly supervising the entities that are less significant.

In the last version of the ECB list of significant supervised entities dated 1 January 2018, Dexia Group entities are listed as "significant supervised entities" which mean they are directly supervised by the ECB and no longer by the French and Belgian banking authorities.

The ECB is exclusively responsible for prudential supervision, which includes, *inter alia*, the power to (i) authorise and withdraw authorisation; (ii) assess acquisition and disposal of holdings in other credit institutions; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements for certain credit institutions to protect financial stability under the conditions provided by EU law; and (v) impose robust corporate governance practices and internal capital adequacy. The ACPR, on the other hand, continues to be responsible for supervisory matters not conferred on the ECB, in particular consumer protection, the prevention of money laundering, payment services and branches of third country banks.

The French Monetary and Financial Code (*Code monétaire et financier*) sets forth the conditions under which credit institutions, including banks, may operate. The French Monetary and Financial Code vests related supervisory and regulatory powers in certain administrative authorities.

ACPR supervises financial institutions and insurance firms and is in charge of implementing measures for the prevention and resolution of banking crises and ensuring the protection of consumers and the stability of the financial system. Its powers have been extended to resolution powers by the French banking reform of 26 July 2013 (*Loi de séparation et de régulation des activités bancaires*). The ACPR is chaired by the governor of the Banque de France. With respect to the banking sector, the ACPR makes individual decisions, grants banking and investment firm licences, and grants specific exemptions as provided in applicable banking regulations. It supervises the enforcement of laws and regulations applicable to banks and other credit institutions, as well as investment firms, and controls their financial standing.

Banks are required to submit periodic accounting reports to the ACPR concerning the principal areas of their activities. The main reports and information filed by institutions with the ACPR include periodic regulatory reports, collectively referred to as *états périodiques réglementaires*. They include, among other things, the institutions' accounting and prudential (regulatory capital) filings. The ACPR may also request additional information that it deems necessary and may carry out on-site inspections (including with respect to a bank's foreign subsidiaries and branches, subject to international cooperation agreements).

Recognition of Dexia's specific and unique situation

Since the introduction of the SSM, Dexia has been under the direct prudential supervision of the ECB. As such, the implementation of the Orderly Resolution Plan has been the subject of prolonged discussions with the supervisor.

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

The resulting proportionate use of supervisory powers assumed that Dexia's situation does not deteriorate significantly. A reversal of this approach may have a material adverse effect on the activity (including the credit institution status) of Dexia and consequently, on its financial condition. See below "*—Increase in prudential requirements as of 1 January 2018*".

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

Increase in prudential requirements as of 1 January 2018

On 30 November 2017, 8 December 2017 and 2 February 2018, the ECB took several decisions relating to Dexia, including its conclusions within the framework of the SREP. Within that framework, the ECB has, *inter alia*, informed Dexia of the qualitative and quantitative regulatory capital requirements applicable to Dexia SA and certain of its subsidiaries as from 1 January 2018, in accordance with Regulation (EU) No 1024/2013 of the Council dated 15 October 2013.

The level of total SREP capital requirement applicable to Dexia SA in 2018 has been set at 10.25% on a consolidated basis. This level includes a minimum own funds requirement of 8% (Pillar 1) and an additional own funds requirement of 2.25% (P2R – Pillar 2 Requirement). With the inclusion of the capital conservation buffer (1.875% in 2018), the capital requirement amounts to 12.125%. These levels are also applicable to the Issuer, on a consolidated basis, as well as Dexia Kommunalbank Deutschland ("**DKD**"), a German subsidiary of DCL, and Dexia Crediop.

As at 30 June 2017, the total capital ratios of Dexia SA and the Issuer were 18.0% and 14.7% respectively.

The ECB also informed Dexia that the tailored, pragmatic and proportionate prudential approach taking into consideration Dexia's specific and unique situation as a bank in resolution has been extended through 2018. Nevertheless, this renewal will be accompanied by a convergence towards the general supervisory framework, reflected by a strengthening of certain requirements:

- The requirement applicable by virtue of the Liquidity Coverage Ratio (LCR) amounts, as at 1 January 2018, to a minimum of 100% at the parent company and consolidated levels. If this minimum level is not respected, Dexia will have to guarantee observance of a threshold of 80% at a consolidated level over 2018 and to inform the ECB thereof by submitting to it new LCR projections as well as a remediation plan. The improvement of the Group's liquidity position enabled it to keep its LCR ratio and that of DCL above the 80% level over 2017.

- Dexia must nonetheless deduct from its CET1 regulatory capital the economic impact which could be generated by the remediation of a failure to adhere to constraints on large exposures. As at 1 January 2018, this related to one exposure and the deduction from regulatory capital is estimated at EUR 145 million for Dexia SA and EUR 185 million for DCL.

- Finally, the ECB indicated that it expects Dexia to observe the leverage ratio. As at 31 December 2017, the leverage ratios of Dexia SA and DCL were 4.6% and 3.8% respectively, above the regulatory minimum of 3%.

Banking regulations

In France, the Issuer must comply with the norms of financial management set by the Minister of the Economy, the purpose of which is to ensure the creditworthiness and liquidity of French credit

institutions. These banking regulations are mainly derived from EU directives. New banking regulations implementing the Basel III reforms (see "—*The Basel framework*" above) were adopted at the European level: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV**") and Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**"). CRR and CRD IV have been applicable in all EU member states including France since 1 January 2014.

DCL must comply with minimum capital ratio requirements. In addition to these requirements, the principal regulations applicable to credit institutions such as the Issuer concern risk diversification and liquidity, monetary policy, restrictions on equity investments and reporting requirements.

French credit institutions are required to maintain minimum capital to cover their credit, market, counterparty and operational risks.

Following the SREP performed by the ECB, the Total SREP capital requirement applicable to DCL in 2018 has been set at 10.25% on a consolidated basis which encompasses a minimum own funds requirement of 8.0% (Pillar 1) and an additional own funds requirement of 2.25% (P2R – Pillar 2 Requirements). With the Capital Conservation Buffer of 1.875% added in 2018, the total capital requirement amounts to 12.125%. This buffer, identical for all banks in the EU, is intended to absorb losses in a situation of intense economic stress.

CRR introduced new liquidity requirements from 2015, after an initial observation period. Institutions are required to hold liquid assets, the total value of which would cover the net liquidity outflows that might be experienced under gravely stressed conditions over a period of 30 days. This liquidity coverage ratio ("**LCR**") is being phased in gradually, starting at 60% in 2015, raised to 70% as of 1 January 2016 and reaching 100% in 2019. As at 31 December 2017, the Group's LCR was 111% compared to 80% as at 31 December 2016.

French credit institutions must satisfy, on a consolidated basis, certain restrictions relating to concentration of risks (*ratio de contrôle des grands risques*). The aggregate of a French credit institution's loans and a portion of certain other exposure (*risques*) to a single customer (and related entities) may not exceed 25% of the credit institution's regulatory capital as defined by French capital ratio requirements. Individual exposures exceeding 10% (and in some cases 5%) of the credit institution's regulatory capital are subject to specific regulatory requirements.

French credit institutions are required to maintain on deposit with the Banque de France a certain percentage of various categories of demand and short-term deposits. Deposits with a maturity of more than two years are not included in calculating the amount required to be deposited. The required reserves are remunerated at a level corresponding to the average interest rate over the maintenance period of the main refinancing operations of the European System of Central Banks.

The CRR will introduce a leverage ratio from 1 January 2019, if implemented by the Council and European Parliament following an initial observation period, which began on 1 January 2015, during which period institutions are required to disclose their leverage ratio. The leverage ratio is defined as an institution's tier 1 capital divided by its average total consolidated assets.

French regulations permit only licensed credit institutions or financial institutions designated as "Long Term Investment Funds" and dedicated alternative investment funds since 2017 pursuant to Law no. 2016-1691 dated 9 December 2016 to engage in banking activities on a regular basis. Similarly, institutions licensed as banks may not, on a regular basis, engage in activities other than banking, bank-related activities and a limited number of non-banking activities determined pursuant to the regulations issued by the French Minister of the Economy. A regulation issued in November 1986

and amended from time to time sets forth an exhaustive list of such non-banking activities and requires revenues from those activities to be limited in the aggregate to a maximum of 10% of total net revenues.

Additional funding

The governor of the Banque de France, as chairman of the ACPR, can request that the shareholders of a credit institution in financial difficulty fund the institution in an amount that may exceed their initial capital contribution. However, credit institution shareholders have no legal obligation in this respect and, as a practical matter, such a request would likely be made to holders of a significant portion of the institution's share capital.

Internal control procedures

French credit institutions are required to establish appropriate internal control systems, including with respect to risk management and the creation of appropriate audit trails. French credit institutions are required to have a system for analysing and measuring risks in order to assess their exposure to credit, market, global interest rate, intermediation, liquidity and operational risks. Such system must set forth criteria and thresholds allowing the identification of significant incidents revealed by internal control procedures. Any fraud generating a gain or loss of a gross amount superior to 0.5% of the Tier 1 capital is deemed significant provided that such amount is greater than EUR10,000.

With respect to credit risks, each credit institution must have a credit risk selection procedure and a system for measuring credit risk that permit, *inter alia*, centralisation of the institution's on- and off-balance sheet exposure and for assessing different categories of risk using qualitative and quantitative data. With respect to market risks, each credit institution must have systems for monitoring, among other things, its proprietary transactions that permit the institution to record on at least a day-to-day basis foreign exchange transactions and transactions in the trading book, and to measure on at least a day-to-day basis the risks resulting from trading positions in accordance with the capital adequacy regulations. The institution must prepare an annual report for review by the institution's board of directors and the ACPR regarding the institution's internal procedures and the measurement and monitoring of the institution's exposure.

Compensation policy

French credit institutions and investment firms are required to ensure that their compensation policy is compatible with sound risk management principles. A significant portion of the compensation of employees whose activities may have a significant impact on the institution's risk exposure must be performance-based, and a significant fraction of this performance-based compensation must be non-cash and deferred. Under CRD IV, the aggregate amount of variable compensation of the above-mentioned employees cannot exceed the aggregate amount of their fixed salary (the shareholders' meeting may, however, decide to increase this ceiling to two times their fixed salary). EU member states will retain discretion to set stricter standards. The implementation in France of CRD IV, which began with the French banking reform of 26 July 2013 (*Loi de séparation et de régulation des activités bancaires*), required further government action to conform to such standards. Both the AMF and the ACPR adopted the ESMA and EBA guidelines on these matters and have been applying these guidelines since January 2017.

Money laundering

French credit institutions are required to report to a special government agency (TRACFIN) placed under the authority of the French Minister of the Economy all amounts registered in their accounts that they suspect come from drug trafficking or organised crime, from unusual transactions in excess of certain amounts, as well as all amounts and transactions that they suspect to be the result of offence

punishable by a minimum sentence of at least one-year imprisonment or that could participate in the financing of terrorism.

French credit institutions are also required to establish "know your customer" procedures allowing identification of the customer (as well as the beneficial owner) in any transaction and to have in place systems for assessing and managing money laundering and terrorism financing risks in accordance with the varying degree of risk attached to the relevant clients and transactions.

The European Bank Recovery and Resolution Directive

On 12 June 2014, the Directive 2014/59/EU of 15 May 2014 of the Parliament and of the Council establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") was published in the Official Journal of the European Union. The BRRD was to have been applied by Member States since 1 January 2015, except for the general bail-in tool, which applies from 1 January 2016.

The aim of the BRRD is to provide resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' contributions to bank bail-outs and/or exposure to losses. The powers provided to the competent authority in the BRRD are divided into three categories: (i) preparatory steps and plans to minimise the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a firm's deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) if insolvency of a firm presents a concern as regards the general public interest, a clear means to reorganise or wind down the firm in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or is likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest, such as: (i) sale of the business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially under public control); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly-owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and/or to convert certain unsecured debt claims, including the Notes, to equity, if deemed possible (i.e., unless an exclusion or safeguard applies, and subject to the rights of the Noteholders under the Guarantee) (the "**general bail-in tool**"), which equity could also be subject to any future application of the general bail-in tool.

An institution will be considered as failing or likely to fail when: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances and forms, such as capital injection). The BRRD allows a Member State to be able to provide extraordinary public financial support through capital injection without triggering resolution to address capital shortfalls identified in the national, European Union or SSM-wide stress tests, asset quality reviews or equivalent exercises conducted by the ECB, European Banking Authority or national authorities provided that such support is provided in accordance with the EU State Aid framework.

The BRRD provides that when applying its bail-in authority, the resolution authority must first reduce or cancel common equity tier one, thereafter reduce, cancel, convert additional tier one instruments, then tier two instruments and other subordinated debts to the extent required and up to their capacity. If senior debt bail-in has entered into force and only if this total reduction is less than the amount needed, the resolution authority will reduce or convert to the extent required the principal amount or outstanding amounts payable to unsecured creditors in accordance with the hierarchy of claims in normal insolvency proceedings.

Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (the "**SRM**") and a Single Resolution Fund has established a centralised power of resolution that is entrusted to a Single Resolution Board and to the national resolution authorities. Since 1 January 2015, the Single Resolution Board has been working closely with the ACPR, in particular in relation to the establishment of resolution planning, and has assumed full resolution powers since 1 January 2016.

The provisions of the French *Code monétaire et financier*, as amended by the Ordinance are currently applicable. This includes the general bail-in tool which has applied since 1 January 2016. For Member States participating in the Banking Union, such as France and Belgium, the SRM fully harmonises the range of available tools but Member States have the power to introduce additional tools at the national level to deal with crises, as long as they are compatible with the resolution objectives and principles set out in the BRRD. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the member states' resolution authorities under the BRRD for those banks subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016. The Issuer has been designated a "significant supervised entity" for the purposes of Article 49(1) of the SSM Framework Regulation and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that the Issuer is also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the SSM Framework Regulation and, to a large extent, refers to the SSM Framework Regulation so that the SRB is able to exercise the same powers that would otherwise be available to the relevant national resolution authority.

French and Belgian resolution regimes

Implementation of the BRRD in France

The BRRD has been implemented in France by two main texts of legislative nature. Firstly, the banking law dated 26 July 2013 regarding the separation and the regulation of banking activities (*Loi de séparation et de régulation des activités bancaires*) (as modified by the ordinance dated 20 February 2014 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*)) (the "**Banking Law**") had anticipated the implementation of the BRRD. Secondly, Ordinance no. 2015-1024 dated 20 August 2015 (*Ordonnance no 2015-1024 du 20 août 2015 portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (the "**Ordinance**") published in the Official Journal on 21 August 2015 has introduced various provisions amending and supplementing the Banking Law to adapt French law to European Union legislation regarding financial matters. Decree no. 2015-1160 dated 17 September 2015 and three orders dated 11 September 2015 (*décret et arrêtés*) implementing provisions of the Ordinance regarding (i) recovery planning, (ii) resolution planning and (iii) criteria to assess the resolvability of an institution or group, have been published on 20 September 2015 to mostly implement the BRRD in France. The ultimate future changes which will be made by decree(s) or order(s) remain unknown at this stage.

The Ordinance has been ratified by Law no. 2016-1691 dated 9 December 2016, which also incorporates provisions clarifying the implementation of the BRRD. French credit institutions (such

as DCL) must now comply at all times with minimum requirements for own funds and eligible liabilities (the **MREL**) since the publication in the Official Journal of the European Union on September 2016 of the Commission Delegated Regulation (EU) 2016-1450 dated 23 May 2016.

The MREL is expressed as a percentage of institution's total liabilities and equity and aims to prevent institutions from structuring their commitments in a manner that could limit or prevent the effectiveness of the bail-in tools. Implementation provisions of the BRRD in France include the bail-in tool and therefore the powers of reducing principal, cancellation or conversion of subordinated notes. Accordingly, if DCL were to be subjected to a resolution process, Noteholders could be subject to write-down (including to zero) or conversion into equity on any application of the general bail-in tool (including amendment of the terms of the Notes such as a variation of the maturity), in application of (i) the decision of the college of resolution of the ACPR or (ii) the decision of the SRB when SRM applies, which may result in such Noteholders losing some or all of their investment. The SRB works in close cooperation with the ACPR, in particular in relation to resolution planning, and has assumed full resolution powers as from 1 January 2016, the contributions of the transfer conditions at the Single Resolution Fund having been met by this date.

It is not yet possible to assess the full impact on DCL of the BRRD and the French law implementation provisions and there can be no assurance that it will not adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of DCL to satisfy its obligations under the Notes. See "*Risk Factors—The Notes may be subject to write-down or conversion to equity in the context of a resolution procedure applicable to the Issuer*" and "*Risk Factors—Under the terms of the Notes, investors will agree to be bound by and consent to the exercise of any Bail-in Powers by the ACPR*".

Noteholders have very limited rights to contest and/or ask for the suspension of the exercise of the relevant competent authorities' resolution powers.

This law is also untested and subject to amendments following implementation of the BRRD.

Implementation of the BRRD in Belgium

On 25 April 2014, a Belgian law on the status and supervision of credit institutions was enacted (*Loi relative au statut et au contrôle des établissements de crédit*) (the "**Belgian Banking Law**"). This law, among other things, establishes a resolution regime applicable to Belgian banks. The Belgian Banking Law has been amended by the Royal Decree of 18 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions (the "**Royal Decree of 18 December 2015**") and the Royal Decree of 26 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions relating to the resolution and recovery of group failures (the "**Royal Decree of 26 December 2015**") which introduced various provisions amending and supplementing the Banking Law to adapt Belgian law to the BRRD. These royal decrees entered into force on 1 January 2016 and are currently in full effect.

The Belgian Banking Law includes a number of measures transposing the BRRD. It grants the power to the supervisor to impose certain recovery measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the competent supervisor, result in the partial or complete suspension of the performance of agreements entered into by the relevant financial institution. The new Belgian Banking Law also grants the power to a resolution authority to take a number of resolution measures, including (i) a forced sale of the credit institution, (ii) the establishment of a bridge bank or (iii) the forced transfer of all or part of the assets, rights or obligations of the credit institution.

The Royal Decree of 18 December 2015 organises the bail-in tool provided for in the BRRD. It provides that the resolution authority may proceed (i) to write-down (reducing the amount

outstanding, including to zero), (ii) to the conversion of these debts into equity (ordinary shares or other instruments of ownership) under certain conditions and for the pursuit of certain goals or (iii) to the variation of the terms (*e.g.*, the variation of maturity of a debt instrument). Financial public support may only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool.

The Royal Decree of 18 December 2015 provides that the resolution authority may decide to apply the minimum requirement for own funds and eligible liabilities to credit institutions.

The Royal Decree of 26 December 2016 also applies the resolution regime to financial holding companies such as Dexia SA, the parent company of the Issuer (subject to certain conditions). This means that resolution measures including the bail-in tool can also be applied at the level of Dexia SA.

Furthermore, Article 354/1 of the Belgian Banking Law provides that the write-off or conversion of debts of a credit institution or entity governed by the law of another Member State does not benefit co-debtors or third parties that have provided a personal guarantee (such as the Guarantee) or collateral security governed by Belgian law. The purpose of these new provisions is to render the discharge following the bail-in without effect *vis-à-vis* third party guarantors that would remain fully liable under their guarantee, notwithstanding the bail-in.

DEXIA CRÉDIT LOCAL

Introduction

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

DCL is a subsidiary of Dexia SA, a public limited company (*société anonyme*) and financial holding company governed by Belgian law whose shares are listed on Euronext. As its main operating entity, DCL holds almost all of the Dexia Group's assets. As at 31 December 2017, DCL had 544 employees, compared to 639 employees as of 31 December 2016.

History

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

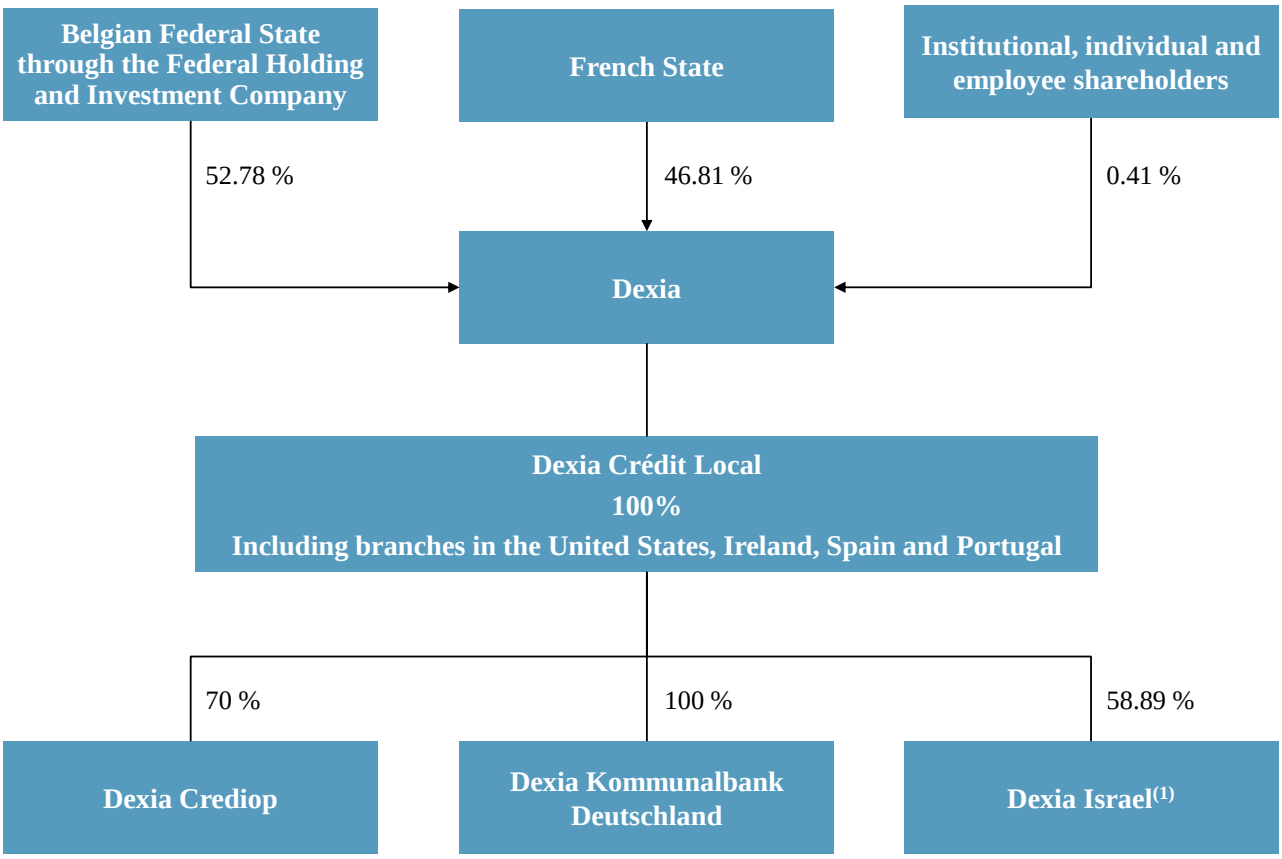
DCL specialised historically in public and project finance for the local public sector but also provided financing services to the public housing, healthcare and public health sectors. Through its international branches and subsidiaries this type of business was developed in nearly 30 countries around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

Organisational structure

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

Following the convergence of Dexia and DCL after the finalisation of the sale process, DCL's consolidated balance sheet amounted to EUR 212 billion as at 31 December 2016 compared to EUR 213 billion for the Dexia Group. As of 31 December 2017, DCL's consolidated balance sheet amounted to EUR 180 billion compared to EUR 181 billion for the Dexia Group. Since 2012, both Dexia and DCL have had an integrated operational management team with unified administration of both entities.

Simplified Group structure as at 31 December 2017



(1) Entity disposed of in March 2018.

Orderly Resolution Plan

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

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

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

the specific nature of the residual assets, which have in general a very long maturity, the Orderly Resolution Plan will have to be managed over the very long term.

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

Implementation of a definitive liquidity guarantee

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

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

See "*The Guarantee*".

Recapitalisation undertaking by the Belgian and French States

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

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

On 28 June 2016, DCL's Extraordinary Shareholders' Meeting approved a capital increase of the company by EUR 250,000,000 (including issue premiums) by the issue of 55,555,556 new shares each with a nominal value of EUR 1. The new shares were fully subscribed by Dexia S.A., the DCL parent company, at a price of EUR 4.50 per share with a share premium of EUR 3.50. As a consequence, DCL share capital rose from EUR 223,657,776 to EUR 279,213,332 as at 28 June 2016 and the total number of shares increased from 223,657,776 to 279,213,332.

Behavioural undertakings

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

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

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

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

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

The subordinated financial instrument FR0010251421 issued by DCL has similar characteristics.

Recent developments

Positive impact from the first application of IFRS 9 to the Dexia Group's regulatory capital

IFRS 9 "Financial Instruments" came into force on 1 January 2018, replacing the standard IAS 39. Application of the new rules for the classification and valuation of financial assets under IFRS 9 has major consequences for the Dexia Group. In particular, the assets that were part of the portfolio established by Dexia before its entry into resolution were booked as "available for sale (AFS) " under IAS 39 and valued at fair value, resulting in the establishment of a highly negative AFS reserve, taken into account in calculating regulatory capital.

IFRS 9 provides for a classification and valuation of assets in relation to an entity's management intention and the nature of the assets concerned. Dexia consequently reclassified a significant proportion of its assets at "amortised cost" under IFRS 9 in line with its status as an entity managed in run-off. This reclassification resulted in the cancellation of latent gains and losses observed in equity (AFS reserve). Only assets identified as being capable of disposal in coming years have been classified in the category "fair value through equity".

As at 1 January 2018, the application of IFRS 9 has a positive total net impact on Group equity of approximately EUR 2.8 billion, which is principally explained by the reclassification of loans and securities and the implementation of a new credit risk provisioning model. Dexia expects only a limited impact from this new mode of provisioning, reflected by an increase in provisions of approximately EUR 200 million. In addition, the Dexia Group retained the possibility of retaining the provisions of the IAS39 standard regarding hedge accounting.

The reclassification of certain assets in the context of the first time application of IFRS 9 triggered a change in the Group's sensitivity to credit spread variations on reclassified assets. In connection with the initial application of IFRS 9, certain assets were reclassified from "Available for sale" under IAS39 to "Amortised cost" under IFRS 9. Under IAS 39, for those assets that were valued at fair value (MtM), the (negative) unrealised loss was deducted from regulatory capital (through the AFS

reserve). Under IFRS 9, the value of those assets is no longer sensitive to credit spread variations, which protects Dexia's regulatory capital from credit spread variations on those assets, in particular, exposures to the Italian and Portuguese sovereigns.

In December 2017, the European Parliament amended the CRR and offered credit institutions the possibility to make use of phase-in provisions, which enable the impact on equity resulting from implementation of the new IFRS 9 provisioning model on solvency ratios to be spread over five years. These are applied to the amount of additional provisions for credit risk as at 1 January 2018 ("static" phase-in). They are also applied to additional amounts of provisions associated with financial assets in bucket 1 and in bucket 2 according to the IFRS 9 approach, constituted during the five-year transition period ("dynamic" phase-in). Dexia informed the supervisory authorities that it would apply this phase-in approach. Without taking the phase-in into account, the total impact of implementation of IFRS 9 on Dexia's Total Capital Ratio as at 1 January 2018 is estimated at 500 basis points.

Conversion of preference shares and issue of profit shares to the States

On 7 December 2017, Dexia SA held an extraordinary shareholders' meeting at which the proposals to (i) convert the preference shares subscribed in 2012 by the Belgian and French States into ordinary shares and (ii) issue for the benefit of the Belgian and French new profit shares in the form of Contingent Liquidation Rights ("**CLR**") were approved.

As part of this conversion, all the preference shares issued on 31 December 2012 and held by the Belgian and French States were converted into ordinary shares, at a conversion rate of 14.446 ordinary shares per preference share. The ordinary shares issued upon such conversion, which are in registered form, cannot be converted into book-entry form and, as a result, may not be traded on Euronext. In addition, profit shares in the form of CLRs were granted to the Belgian and French States. These CLR do not represent the capital of Dexia, but grant the States the benefit upon the liquidation of Dexia of a cumulative preferential distribution of EUR 440 million per annum as from 1 January 2018 up to the date of liquidation of Dexia SA.

The conversion plan approved by the extraordinary shareholders' meeting was implemented with a view to continue satisfying applicable capital requirements as required under the Orderly Resolution Plan, notwithstanding the termination of the grandfathering period set out in Article 482(1) of CRD IV, on the basis of which the preference shares subscribed by the Belgian and French States in 2012 were to benefit from CET 1 treatment until 31 Dcember 2017. In particular, it seeks to ensure that (i) Dexia observes the capital ratios imposed by the ECB in its decision dated 8 December 2016 and (ii) any improvement in Dexia's financial situation will primarily and principally benefit the States, under the ongoing "burden sharing" requirements imposed by the European Commission in its decision dated 28 December 2012.

The plan was approved by the European Commission on 19 September 2017. On 27 November 2017, the ECB confirmed the treatment of the newly issued ordinary shares as Common Equity Tier 1. Following the conversion, Dexia SA's share capital amounts to EUR 500,000,000.00, comprised of 420,134,302 shares.

Non-eligibility of wind-down entities as Eurosystem monetary policy counterparties as from 31 December 2021

On 21 July 2017, the ECB announced the end of recourse to Eurosystem funding for wind-down entities as from 31 December 2021 and limited the Group's recourse to the Eurosystem to an amount of EUR 5.2 billion for the transitional period. As at 31 December 2017, the Group no longer had recourse to such funding.

The ECB decision also resulted in a reduction of the liquidity buffer, combined with a change of its composition. As at 31 December 2017, the Dexia Group had a liquidity reserve of EUR 16.4 billion, of which EUR 10.5 billion was in the form of deposits with central banks, compared to EUR 18.2 billion as at 31 December 2016, of which EUR 3.4 billion was in the form of deposits with central banks.

Evolution of the funding profile

DCL's funding volume had decreased to EUR 124.8 billion as at 31 December 2017, compared to 146.5 billion as at 31 December 2016.

The decrease in 2017 was, *inter alia*, a consequence of the EUR 20 billion decrease in the asset portfolio and a EUR 6.2 billion decrease in the net amount of cash collateral paid by Dexia to its derivatives counterparties (EUR 26.5 billion as at 31 December 2017).

Over 2017, DCL successfully launched various long-term public transactions in euros, US dollars and pounds sterling, raising EUR 9.9 billion, and executed almost EUR 4 billion additionally in private placements. Guaranteed short-term funding activity was also sustained, with a relatively long average maturity of 8.4 months.

Overall guaranteed debt outstanding decreased slightly, to EUR 67.6 billion as at 31 December 2017, compared to EUR 71.4 billion at the end of December 2016. Short- and long-term secured market funding remained considerable. The reduction of outstanding, decreasing from EUR 58.4 billion at the end of 2016 to EUR 48.9 billion as at 31 December 2017, was proportionate to the reduction of the funding requirement and the stock of assets eligible for this type of funding.

In 2017, the Group also exited from ECB funding. Total outstanding Group funding subscribed with the ECB, which amounted to EUR 15.9 billion as at 31 December 2015, was reduced to EUR 655 million as at 31 December 2016 and, as at 31 December 2017, the Group no longer had recourse to such funding.

As a consequence, the Group's funding structure underwent substantial modification. Most of the Group's funding is now in the form of guaranteed market funding and secured market funding. As at 31 December 2017, guaranteed and secured market funding represented 54% and 40%, respectively, of total Group funding compared to 49% and 41%, respectively, as at 31 December 2016.

Towards a simplification and greater integration of the operating model

In line with the objectives of the business plan launched in 2013, throughout 2016 and 2017, DCL continued its efforts to adapt its operating model in two strategic directions: the Group's operational simplification and centralisation. Various projects result from this objective.

Simplification of the Group structure

The Dexia Group continues to progress in the implementation of the Orderly Resolution Plan through the restructuring, closing or sale of Group entities.

On 18 March 2018, the Issuer announced an off-market transaction with a series of qualified investors, involving the sale of all its shares (representing a 58.9% stake) in Dexia Israel Bank (Dexia Israel). The sale was made at a price of NIS 674 per share, with total consideration amounting to approximately EUR 82 million. The sale of Dexia Israel completes the mandatory divestment process of the Group's commercial franchises, as part of the commitments taken by the French, Belgian and Luxembourg States in the framework of the Orderly Resolution Plan. The impact of the sale is considered to be non-material.

The Dexia Group is continuing its project to centralise Dexia's activities in Spain and Portugal, and expects to close its branches in Portugal in mid-2018 and in Spain in 2019. The Group will also continue to assess the different strategic options for the restructuring of its international network, particularly with regard to DKD.

Outsourcing the operational processing chain for market activities

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

To secure its operational continuity and in order to adapt its operating model to the requirements of a structure in resolution, the Group decided to outsource certain activities. Outsourcing offers greater cost flexibility and increases resilience through the simplification and integration of Group services. On 4 October 2017, Dexia signed a ten-year agreement with Cognizant, as its strategic partner for IT and the management of operational processes on back office markets and credit activities in France and Belgium.

Under the terms of the agreement, Dexia staff members in charge of IT and back office services will join the newly created French company, Cognizant Horizon. To allow for a smooth transition, the agreement is expected to be implemented in two phases. IT services were transferred on 1 November 2017 and back-offices services joined Cognizant in May 2018. Approximately 150 Dexia Group staff members are expected to join the new entity, Cognizant Horizon.

Ratings

DCL's senior unsecured ratings are as follows (25 June 2018):

- Moody's: Aa3 stable outlook/ P-1;
- S&P: AA-/A-1+;
- Fitch: AA-/F1+.

Management

As at 25 June 2018, DCL is managed by the following persons:

- Wouter Devriendt (*Chief Executive Officer*)
- Véronique Hugues (*Deputy Chief Executive Officer*)
- Guy Cools (*Deputy Chief Executive Officer*)
- Johan Bohets (*Deputy Chief Executive Officer*)

- Benoît Debroise (*Deputy Chief Executive Officer*)
- Aline Bec (*Deputy Chief Operating Officer*)

As at 25 June 2018, the Board of Directors of DCL consists of the following members:

- Gilles Denoyel (*Chairman of the Board of Directors*)
- Wouter Devriendt
- Véronique Hugues (*Executive Director*)
- Johan Bohets
- Koen Van Loo
- Thierry Francq
- Alexandre De Geest
- Bart Bronselaer
- Michel Tison
- Alexandra Sérizay
- Lucie Muniesa
- Martine De Rouck
- Aline Bec
- Véronique Tai

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

Litigation

DCL and its subsidiaries are subject to a number of regulatory investigations and are named as a defendant in a number of lawsuits, including class action lawsuits in Italy. Certain lawsuits in connection with which DCL and its subsidiaries are acting as claimant might have an impact on the financial position of DCL as described below.

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

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

The consequences, as assessed by Dexia in accordance with the information available to it of the principal disputes and investigations liable to have a material impact on the Dexia Group's financial

position, performance or activities are reflected in the Dexia Group's consolidated financial statements. Subject to the general terms and conditions of professional indemnity and executive liability insurance policies taken out by Dexia, any negative financial consequences of some or all of these disputes and investigations may be covered, in full or in part, by those policies and, subject to the insurers in question accepting these risks, may be offset by any payments that Dexia may receive under the terms of those policies.

Dexia Crédit Local

The Issuer is involved in a number of disputes with French local authorities and related entities to which it has granted so-called "structured" loans. As at 31 December 2017, 37 clients are engaged in proceedings against the Issuer in connection with structured loans (as compared to 51 clients as at 31 December 2016), of which 23 relate to structured loans held by CAFFIL (formerly, Dexia Municipal Agency, a 100% subsidiary of the Issuer), a 100% subsidiary of SFIL, 12 relate to structured loans held by the Issuer and two relate to both institutions. Notwithstanding that the Issuer did not give any representation or warranty on the loans of CAFFIL at the time of sale of SFIL in January 2013, the Issuer, as legal representative of CAFFIL up to the time of sale, remains responsible for any damages granted to a borrower as a result of a proven breach by the Issuer of its obligations relating exclusively to the origination or the commercialisation of the structured loans held by CAFFIL up to the time of sale.

Four important decisions were handed down by the Versailles Court of Appeal on 21 September 2016. In these decisions, the Court dismissed four borrowers' claims and recognised the validity of the relevant contracts, the validity of the borrowers' obligations under them and DCL's compliance with its duty of information.

On 28 March 2018, the Supreme Court validated the Versailles Court of Appeal’s favourable decision concerning structured loans held by CAFFIL, noting that structured loans were not financial and speculative products. The Supreme Court ruled that DCL had not incurred any liability in connection with the sale of these structured loans. With respect to the application of the French law validating the annual percentage rate of structured loans contracted by public entities, the Supreme Court held that public entities could not invoke the European Convention on Human Rights.

Even though this recent decision represents a significant evolution for the Issuer, it does not resolve the other proceedings based on other grounds that are ongoing at the date of this Base Prospectus. At present, the Issuer is not able to predict the outcome of these proceedings and to assess their potential financial repercussions.

Dexia Kommunalbank Deutschland

DKD has also been sued in a small number of litigations relating to structured credits. In two of these cases, the German courts decided in 2017 that DKD had not sufficiently fulfilled its duty to provide financial advice and considered the interest formula applied by DKD to be invalid. In one of these cases, a decision as to the amount of damages has yet to be taken. In spite of the aforementioned developments, at present DCL and DKD are unable reasonably to predict the duration or outcome of the remaining investigations and legal proceedings in progress, or their potential financial repercussions.

Financial Security Assurance

During 2016, Dexia substantially resolved all of the civil actions brought against Financial Security Assurance Holdings Limited ("**FSA Holdings**"), Assurance Guaranty Municipal Corp. and Dexia entities. Settlement agreements were executed with the relevant plaintiffs, with one action still outstanding. The main class action was also settled in 2016 (no Dexia or FSA entities were

defendants in this class action). The one remaining civil action brought against FSA Holdings, or Dexia entities, was resolved in 2017.

Dexia Crediop

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

In 2014, the Italian Supreme Court dismissed the appeal brought by the Province of Pisa against the earlier ruling of the Council of State (*i.e.*, the second instance Administrative Court in Italy) that annulled the self-redress resolution by means of which the Province of Pisa annulled its previous decisions to enter into a swap agreement with Dexia Crediop. As a result, the civil lawsuit pending before the High Court of Justice in London and aimed at ascertaining the validity and effectiveness of the swap agreement was dismissed after the parties entered into a settlement agreement by means of which the Province recognised the validity and effectiveness of the swap agreement since inception.

On 19 January 2017, the Italian Supreme Court declared that the Italian civil court is the competent court to rule on the claim by the Region of Lazio for pre-contractual liability. In such claim, the Region of Lazio was, *inter alia*, alleging "hidden costs" in a swap transaction entered into with Dexia Crediop and damages as extra-contractual liability of Dexia Crediop. On 26 June 2017, Crediop and the Region of Lazio entered into an out-of-court settlement agreement. The proceedings commenced by Region of Lazio before the Civil Court of Rome were discontinued on 10 October 2017.

On 11 June 2015, the Province of Milan served two claims on Dexia Crediop, concerning different swap agreements and the restructuring of two loan agreements entered into between Dexia Crediop and the Province of Milan. The allegations are similar to those in the previous cases, including the allegation, by the Province of Milan, that Dexia Crediop had acted in a conflict of interest. On 15 October 2015, Dexia Crediop was served with two Alternative Dispute Resolution ("ADR") applications by the Province of Milan, but the parties failed to reach an agreement. On 7 December 2015, Dexia Crediop filed a claim against the Province of Milan before the High Court of Justice in London, seeking a declaration that the swap agreements are valid, legal and binding. On 17 June 2016, the High Court of Justice in London handed down a judgment against the Province of Milan, in which it upheld the validity of the swap agreements and ordered the Province of Milan to pay the legal costs borne by Dexia Crediop in the proceedings. On 3 August 2017, Crediop and the Province of Milan entered into an out-of-court settlement agreement.

Dexia Crediop was also served on 16 March 2016 by the Province of Brescia with a request to participate in ADR proceedings in relation to two swap agreements entered into with Dexia Crediop. The allegations are, *inter alia*, focused on a written advisory agreement governed by Italian law and subject to Italian jurisdiction according to which Dexia Crediop provided the Province of Brescia with advisory services in relation to the above-mentioned swap agreements. The parties failed to reach a settlement through the ADR proceedings. On 18 March 2016, the Province of Brescia served Dexia Crediop with a deed of summons before the Civil Court of Rome alleging the contractual liability of Dexia Crediop in relation to such advisory agreement. In the meantime, on 21 April 2016, Dexia Crediop filed a claim before the High Court of Justice in London seeking a declaration that the swap agreements are legal, valid and binding. On 21 December 2016, further to the jurisdiction challenge brought by the Province, the High Court of Justice in London ruled that it did have jurisdiction over the matter and ordered the Province to pay legal costs borne by Dexia Crediop in the proceedings. On 18 September 2017, Crediop and the Province of Brescia entered into an out-of-court settlement agreement.

On 25 June 2015, the High Court of Justice in London handed down a judgment against Dexia Crediop in relation to an interest rate swap agreement entered into in 2006 by Dexia Crediop and the City of Prato. In particular, the High Court of Justice in London held that the swap agreements with the City of Prato are null and void as they were found to be in breach of art. 30, para. 6 (on door-to-door selling), of the Italian Financial Consolidated Text (*Testo Unico Finanza*), requiring – in such specific case – that the swap agreements provide for a withdrawal right in favour of the counterparty, notwithstanding the fact that the Court, as to the merit of the litigation, found that the swaps complied with all Italian provisions applicable to local authorities when entering into swaps. Dexia Crediop appealed the decision before the Court of Appeal in London. On 10 November 2016, the High Court of Justice in London issued a second judgment on the issues that had not yet been decided by its first judgment in June 2015. In its second judgment, the High Court still found the swap agreements to be null and void for two further reasons. Dexia Crediop filed an appeal also against the second judgment. Prato also appealed against the High Court judgments as to those parts unfavourable to the City. The appeal took place from 8 to 15 May 2017. On 15 June 2017, the Court of Appeal in London issued its judgment by means of which it overturned the High Court judgments and dismissed Prato's counterclaim by stating that (i) derivative contracts entered into between Dexia Crediop and the City of Prato in the period 2002 -2006 are valid and binding; (ii) Prato had full capacity to enter into the derivative contracts; and (iii) the margin applied by the bank to the derivative contracts is necessary to cover its risks and expected costs and the concept of "implicit costs" is unfounded. The City was also ordered to reimburse Dexia Crediop's legal costs in the UK proceedings and to pay default interests on the nettings unpaid by the City of Prato as from December 2010. Lastly, the Court of Appeal dismissed City of Prato's application for permission to appeal such judgment before the Supreme Court. Prato filed a specific request to file an appeal directly with the Supreme Court. On 18 December 2017, the Supreme Court confirmed the lower court's decision. The City of Prato filed a specific request to file an appeal directly with the Supreme Court. On 18 December 2017, the Supreme Court confirmed the lower court's decision.

At the same time, criminal proceedings commenced against Dexia Crediop and a former employee before the Criminal Court in Prato on 26 July 2017. Dexia Crediop and its former employee were acquitted in full on all the charges brought against them. On 16 October 2017, the City of Prato and the Public Prosecutor lodged an appeal against the judgment before the Court of Appeal in Florence.

Further to the UK Supreme Court decision, on 12 March 2018, Crediop and Prato entered into an out-of-court settlement agreement according to which, *inter alia*, the City of Prato (i) acknowledged that the swap agreements were legal, valid and binding *ab origine*, and (ii) withdrew from the appeal brought against the judgment issued by the Criminal Court of Prato (see above). The appeal filed by the Public Prosecutor is still pending.

On 11 January 2017, the Civil Court in Messina declared that it had no jurisdiction regarding the claim filed by the City of Messina (and in which the City of Messina, alleged, among other things, "hidden costs" in the swap transactions entered into with Dexia Crediop and pre-contractual liability of Dexia Crediop), thereby referring to the decision of the Italian Supreme Court of 23 October 2014, by means of which the Supreme Court declined the jurisdiction of the Italian courts in favour of the English courts. Accordingly, the claim brought by the City of Messina was dismissed. As payment defaults by the City of Messina persisted, Dexia Crediop resolved to file a claim in London.

In two other cases (Province of Pisa and City of Messina), preliminary criminal investigations have been started involving Dexia Crediop and certain of its employees to investigate an alleged commission of a fraud against the local authorities in relation to the swaps entered into. These allegations could also result in administrative liability on the part of Dexia Crediop for failing to take appropriate steps to prevent its employees from committing the alleged crime. The employees in question and Dexia Crediop deny the allegations brought against them in this regard. As of today, there are no developments by the Public Prosecutor in such investigations.

On 4 February 2016, Dexia Crediop was served with a formal claim by Livorno Reti e Impianti S.p.A. ("**LIRI**") (currently in voluntary wind-up), contesting a loan agreement entered into by LIRI with Dexia Crediop (in a pool with another financial institution). LIRI alleges, *inter alia*, that the loan agreement has an embedded derivative agreement including "hidden costs". On 18 July 2016, LIRI summoned Dexia Crediop before the Civil Court in Rome. The proceedings are ongoing.

Dexia Crediop is also involved in other litigations involving derivatives with Italian local authorities and municipalities (Province of Crotone and City of Forlì), on similar matters as the ones referred to above, which have been formally put in stay by the Court or which are in stay waiting for further steps to be taken by either of the parties involved.

In addition to the foregoing derivatives-related litigations on derivatives, Dexia Crediop is involved in the following litigations.

Dexia Crediop is involved in a litigation concerning the Italian public bank called *Istituto per il Credito Sportivo* ("**ICS**") in which Dexia Crediop is a quotaholder, together with other Italian financial institutions. Since 2012, the supervisory ministries of ICS have challenged the legal qualification of subsidies granted to ICS, which were therefore recharacterised as equity. The pro-rata shareholdings in ICS and the dividends distribution since 2005 are being contested through legal proceedings, after self-redress ("*autotutela*") decisions regarding the annulment of the By-laws and of the ICS' resolutions on dividends distribution were taken. On 21 September 2015, the Council of State rejected the appeal of Dexia Crediop and the other ICS' quotaholders by confirming the previous judgment and the annulment of the 2005 By-laws, stating *inter alia* that decisions on dividend distributions are subject to the Civil Court's jurisdiction. Dexia Crediop decided not to appeal the judgment of the Council of State. The proceedings relating to the dividend distributions and the new ICS' By-laws issued on 19 April 2014 are currently ongoing.

On 5 April 2016, Dexia Crediop was served with a deed of summons before the Civil Court of Rome by the extraordinary commissioners of the *Provincia Italiana della Congregazione dei Figli dell'Immacolata Concezione* ("**PICFIC**"), currently in extraordinary administration. That summons seeks to obtain a declaration confirming that the assignments of receivables entered into with Dexia Crediop in 2012 are null and void (claw-back action). These proceedings are currently ongoing. In addition, Dexia Crediop brought an action against one of the local Health Authorities, which was a party in the assignment of receivables, and the Region of Lazio, who certified such receivables, in order to obtain the payment of part of the assigned receivables. The lawsuit is currently pending before the Court of Appeal of Rome.

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

THE GUARANTEE

On 24 January 2013: (a) the Kingdom of Belgium, (b) the Republic of France and (c) the Grand Duchy of Luxembourg entered into an Independent On-Demand Guarantee (*Garantie Autonome à Première Demande*) (the "**Guarantee**") whereby the Guarantors agreed to severally but not jointly guarantee specified obligations of the Issuer, as more fully described in the Guarantee below (the "**Guaranteed Obligations**"). Notes issued under the Programme benefit from the Guarantee, subject to compliance with the terms of the Guarantee. The aggregate principal amount of the outstanding Guaranteed Obligations at 26 June 2017 was EUR 70.8 billion. The Guarantee was drawn up in English and French, both languages being equally binding. Set forth below are the texts of both the English and French language versions.

INDEPENDENT ON-DEMAND GUARANTEE

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

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

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

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

1. Definitions

In this Guarantee:

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

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

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

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

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

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

"**Guaranteed Obligations**" means:

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

(b) the loans, advances, overdrafts and deposits granted to DCL, which are not represented by a security or financial instrument, which meet the criteria set out in Schedule B (Guaranteed Obligations), and the creditor of which is a Third-Party Beneficiary.

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

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

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

2. Nature of the Guarantee

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

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

(ii) the illegality of the Guaranteed Obligations;

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

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

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

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

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

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

(d) No ground for acceleration of payment of the Guaranteed Obligations, whether statutory (for example in the case of judicial liquidation proceedings with respect to DCL) or contractual (for example in the case of any event of default, event of termination or cross-default), will be enforceable against the States. Consequently, Guarantee calls shall lead to payment obligations of the States only in accordance with the normal payment schedule of the Guaranteed Obligations (it being understood that (i) the effects of any early termination clause which is not related to the occurrence of an event of default, such as the exercise by a Third-Party Beneficiary or Security Holder of certain contractual put options, are deemed part of the normal payment schedule of the Guaranteed Obligations, and that (ii) Guarantee calls will need to be renewed on all subsequent maturity dates of the Guaranteed Obligations). Further, in order to be entitled to call on this Guarantee, a Third-Party Beneficiary or a Security Holder may not have raised or raise any ground for acceleration against DCL (except, if applicable, those grounds for acceleration which would have occurred by operation of law without any action from the relevant Third-Party Beneficiary or Security Holder, for example upon the opening of judicial liquidation proceedings with respect to DCL).

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

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

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

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

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

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

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

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

Compliance with the above-mentioned limits will be assessed at the time of each new issuance, or entry into, of Guaranteed Obligations, taking into account such new issuance or entry into. Therefore, the financings issued or entered into by DCL that meet the criteria set out in Schedule B (*Guaranteed Obligations*) of this Guarantee (and the terms of which do not expressly provide that they are excluded from the benefit of this Guarantee) shall benefit from the States guarantee if and to the extent that the Aggregate Commitment does not exceed, at the time of their issuance or at the time they are entered into, any of these limits, taking into account the principal amount of all Guaranteed Obligations (*i.e.*, the obligations guaranteed by each of the States under this Guarantee or any other guarantee granted pursuant to the

independent guarantee agreement dated 16 December 2011 or the agreement for the issuance of guarantees dated 24 January 2013 that were issued or entered into prior to such time, as well as such new Guaranteed Obligations) and, in respect of Guaranteed Obligations denominated in Foreign Currencies, the euro equivalent of their outstanding principal amount converted at the reference rate of the day of such new issuance, or entry into, of Guaranteed Obligations as published on that day by the European Central Bank.

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

4. Guarantee of Securities and Financial Instruments

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

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

5. Guarantee of Contracts

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

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

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

(d) Notwithstanding paragraph (b) and without prejudice to paragraph (c), the States may, upon request from DCL and at their sole discretion, authorise certain Third-Party Beneficiaries identified by name, certain categories of Third-Party Beneficiaries or the Third-Party

Beneficiaries holding certain categories of Contracts, to call on the Guarantee of the Contracts they hold. The States may subject their authorisation to such arrangements as they deem desirable regarding in particular the delivery by DCL of information relating to the Contracts held by such Third-Party Beneficiaries, and may provide that any guarantee call of the Contracts by such Third-Party Beneficiaries must be accompanied by such supporting documentation as the States deem appropriate.

6. Performance of the Guarantee

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

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

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

7. Withholding tax

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

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

8. Effective date of the Guarantee, duration and amendments

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

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

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

effect with regard to the Guaranteed Obligations issued or entered into before such termination or amendment is communicated to the market.

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

9. Notifications

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

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

10. Language, applicable law and jurisdiction

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

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

Done on 24 January 2013.

THE KINGDOM OF BELGIUM

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

THE FRENCH REPUBLIC

_____

Pierre Moscovici
Minister of Economy and Finance

THE GRAND DUCHY OF LUXEMBOURG

_____

Luc Frieden
Minister of Finance

SCHEDULE A

THIRD-PARTY BENEFICIARIES

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

(a) all "qualified investors" within the meaning of article 2(1)(e) of Directive 2003/71 of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended,

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

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

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

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

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

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

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

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

these Securities and Financial Instruments being only entitled to the benefit of the Guarantee (a) from the date of their transfer to, and as long as they are held by, such Third-Party Beneficiaries in the case

referred to in point (A), or (b) from the date of their inclusion, and as long as they are included, in a cover pool as referred to in point (B).

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

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

SCHEDULE B

GUARANTEED OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

GARANTIE AUTONOME À PREMIÈRE DEMANDE

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

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

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

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

1. Définitions

Dans la présente Garantie :

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

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

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

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

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

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

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

"**Obligations Garanties**" signifie :

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

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

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

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

2. Nature de la Garantie

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

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

(ii) l'illégalité des Obligations Garanties ;

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

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

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

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

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

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

(c) Les Tiers Bénéficiaires ou Détenteurs de Titres ne seront pas tenus, en vue d'exercer leurs droits en vertu de la présente Garantie, d'adresser une quelconque mise en demeure à DCL,

d'agir contre DCL, ou d'introduire une créance dans une quelconque procédure d'insolvabilité relative à DCL.

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

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

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

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

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

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

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

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

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

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

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

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

4. Garantie des Titres et Instruments Financiers

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

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

5. Garantie des Contrats

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

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

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

(d) Nonobstant le paragraphe (b) et sans préjudice du paragraphe (c), les États pourront, sur demande de DCL et à leur seule discrétion, autoriser certains Tiers Bénéficiaires nommément désignés, certaines catégories de Tiers Bénéficiaires ou les Tiers Bénéficiaires titulaires de

certaines catégories de Contrats, à faire appel à la Garantie des Contrats dont ils seraient titulaires. Les États pourront subordonner leur autorisation à la mise en place des arrangements qui leur paraîtront souhaitables en matière notamment de transmission par DCL de toutes informations relatives aux Contrats détenus par ces Tiers Bénéficiaires, et pourront prévoir que tout appel à la garantie des Contrats par ces Tiers Bénéficiaires doit être accompagné des justificatifs que les États considéreront appropriés.

6. Exécution de la Garantie

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

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

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

7. Retenue à la source

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

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

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

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

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

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

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

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

9. Notifications

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

Royaume de Belgique :	SPF Finances A l'attention de l'Administrateur général de la Trésorerie Avenue des Arts 30 1040 Bruxelles Courriel: garantie.waarborg@minfin.fed.be Fax : +32 2 579 58 28
avec copie à :	Banque Nationale de Belgique A l'attention de Monsieur le Gouverneur Boulevard de Berlaimont, 14 1000 Bruxelles Fax : +32 2 221 32 10
République française :	Ministre de l'Economie et des Finances A l'attention de M. le Directeur Général du Trésor 139, rue de Bercy Paris Cedex 12 Courriel : ramon.fernandez@dgtresor.gouv.fr Fax : +33 1 53 18 36 15
avec copie à :	Banque de France A l'attention de M. le Gouverneur 31, rue Croix-des-Petits-Champs 75001 Paris Courriel : secretariat.gouv@banque-france.fr
Grand-Duché de Luxembourg :	Ministère des Finances A l'attention de M. le Directeur du Trésor 3, rue de la Congrégation L-2913 Luxembourg Fax : +352 46 62 12 Email : georges.heinrich@fi.etat.lu Copie : etienne.reuter@fi.etat.lu
avec copie à :	Banque centrale du Luxembourg 2, boulevard Royal L-2983 Luxembourg direction@bcl.lu

10. Langue, droit applicable et litige

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

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

Fait le 24 janvier 2013.

LE ROYAUME DE BELGIQUE

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

LA RÉPUBLIQUE FRANÇAISE

_____

Pierre Moscovici
Ministre de l'Economie et des Finances

LE GRAND-DUCHÉ DE LUXEMBOURG

Luc Frieden
Ministre des Finances

ANNEXE A
TIERS BÉNÉFICIAIRES

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

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

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

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

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

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

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

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

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

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

ces Titres et Instruments Financiers ne bénéficiant de la Garantie qu'à compter (a) de la date de leur transfert à, et aussi longtemps qu'ils sont détenus par, de tels Tiers Bénéficiaires dans

le cas visé au point (A), ou (b) de leur inclusion, et aussi longtemps qu'ils sont inclus, dans un tel *cover pool* dans le cas visé au point (B).

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

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

ANNEXE B
OBLIGATIONS GARANTIES

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

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

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

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

à l'exclusion :

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

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

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

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

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

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

TAXATION

The statements herein regarding taxation are based on the laws of the United States, France, Belgium and the Grand Duchy of Luxembourg as of the date of this Base Prospectus and are subject to any changes in law and/or interpretation thereof (potentially with a retroactive effect). The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax adviser as to the United States, French, Belgian or Luxembourg tax consequences of any investment in or ownership and disposition of the Notes.

United States Federal Income Tax Considerations

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes. This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme. The relevant Pricing Supplement may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to any Note as appropriate. This summary deals only with purchasers of Notes that acquire such Notes at initial issuance for their "issue price" (as defined below) and will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as certain financial institutions, insurance companies, individual retirement accounts U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, U.S. expatriates and former long-term residents of the United States, or investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes). In addition, this discussion does not address U.S. federal estate or gift tax considerations, any aspect of the Medicare contribution tax on net investment income, or alternative minimum tax considerations.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, created or organised in or under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes. The term "**non-U.S. Holder**" means a beneficial owner of Notes that is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships and their partners should consult their tax advisers concerning the U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by the partnership.

This summary should be read in conjunction with any discussion of U.S. federal income tax consequences in the applicable Pricing Supplement. To the extent there is any inconsistency in the discussion, if any, of U.S. tax consequences to holders between this Base Prospectus and the applicable Pricing Supplement, holders should rely on the tax consequences described in the applicable Pricing Supplement instead of this Base Prospectus.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986 (the "**Code**"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Holders

Payments of Interest

Interest on a Note, including any amounts withheld in respect of foreign taxes and, without duplication, any additional amounts paid with respect thereto, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "**foreign currency**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount — General*"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for U.S. federal income tax purposes. Interest paid by the Issuer and original issue discount, if any, accrued with respect to the Notes generally will constitute income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount ("**OID**"). The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments, the applicable Pricing Supplement will describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is greater than or equal to a *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") generally will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is greater than or equal to 0.25% of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note.

A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided

by the Note that are not payments of "**qualified stated interest**." A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually during the entire term of the Note at a single fixed rate (with certain exceptions for the first and final payment intervals), or a variable rate (in the circumstances described below under "*Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note as part of the amount realised, unless the holder makes the election described below under "*Election to Treat All Interest as Original Issue Discount*". The includible amount with respect to each such payment is determined by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price (as defined below) at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "**adjusted issue price**" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments. For taxable years beginning after 31 December 2018, a U.S. Holder that uses the accrual method of accounting generally will be required to include OID in ordinary income no later than the taxable year in which the U.S. Holder takes the OID into account as revenue in an "applicable financial statement, " even if the U.S. Holder would otherwise have included the OID in income during a later year under the constant yield method.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "*Original Issue Discount — General*", with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "*–Notes Purchased at a Premium*") or acquisition premium.

This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the Internal Revenue Service (the "**IRS**"). However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter.

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "**qualified floating rate**" and thus generally will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "**variable rate debt instrument**" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "**qualified floating rate**" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap), a minimum numerical limitation (i.e., a floor) or a governor may, under certain circumstances, fail to be treated as a qualified floating rate.

An "**objective rate**" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term.

A "**qualified inverse floating rate**" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "**current value**" of a rate is the value of the rate on any day

that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) equal to or in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the equivalent fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note

will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Pricing Supplement.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but should include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding).

In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount may elect to treat the excess as "**amortisable bond premium**", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*— Original Issue Discount — Election to Treat All Interest as Original Issue Discount*". A U.S. Holder that does not elect to take bond premium into account currently will recognise a capital loss when the Note matures.

Purchase, Sale and Retirement of Notes

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's adjusted tax basis in the Note. Except to the extent described above under "*—Original Issue Discount—Short-Term Notes*" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed

below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. The deductibility of capital losses is subject to limitations.

Foreign Currency Notes

Interest

If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the spot rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the spot rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Bond Premium

Bond premium on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder will recognise U.S. source exchange gain or loss

(taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date and on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium into account currently will recognise a capital loss when the Note matures.

Sale or Retirement

As discussed above under "*—Purchase, Sale and Retirement of Notes*", a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or on the settlement date for the purchase, in the case of Notes traded on an established securities market, as defined in the applicable Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement, or on the settlement date for the sale in the case of Notes traded on an established securities market, as defined in the applicable Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) on (i) the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Disclosure Requirements

U.S. Treasury regulations meant to require the reporting of certain tax shelter transactions ("**Reportable Transactions**") could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury regulations, certain transactions with respect to the Notes may be characterised as Reportable Transactions including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Note that is denominated in, or determined by reference to, a foreign currency. Persons considering the purchase of such Notes should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Non-U.S. Holders

Subject to the discussion below, a non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that non-U.S. Holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment or fixed base maintained by the non-U.S. Holder; or (ii) in the case of any gain realised on the sale or exchange of a Note by an individual non-U.S. Holder, that holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Backup Withholding and Information Reporting

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable Treasury regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise to comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder under the backup withholding rules may be allowed as a credit against the holder's United States federal income tax liability, and may entitle the holder to a refund of any excess amounts withheld under the backup withholding rules if the required information is timely filed with the IRS.

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a non-U.S. Holder by a U.S. paying agent or other U.S. intermediary will not be subject to backup withholding tax and information reporting requirements if appropriate certification is provided by the non-U.S. Holder to the payor and the payor does not have actual knowledge that the certificate is false.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the Code, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including France) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any

withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

French Taxation

The descriptions below are intended as a basic summary of certain withholding tax consequences in relation to the ownership of the Notes under French law by Noteholders who do not concurrently hold shares of the Issuer.

Payments made under the Notes by the Issuer

Payments of interest and other revenues made by the Issuer with respect to Notes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**"). If such payments are made outside France in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code. A draft law published by the French government on 28 March 2018 would, if adopted in its current form, (i) expand the list of Non-Cooperative States as defined under Article 238-0 A of the French General Tax Code to include the States and jurisdictions on the list set out in Annex I to the conclusions adopted by the Council of the European Union on 5 December 2017, as updated, (the **EU List**) and, as a consequence, (ii) expand this withholding tax regime to certain States and jurisdictions included in the EU List.

Furthermore, in accordance with Article 238 A of the French General Tax Code, interest and other revenues on such Notes (which would otherwise be deductible for French tax purposes) would not be deductible from the Issuer's taxable income in France if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to an account held with a financial institution situated in such a Non-Cooperative State (the "**Deductibility Exclusion**"). The draft law published by the French government on 28 March 2018 abovementioned would, if adopted in its current form, expand this regime to the States and jurisdictions included in the EU List. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq* of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code, at a rate of (i) 12.8% for payments benefiting individuals who are not French tax residents, (ii) 30% (to be aligned with the standard corporate income tax rate set forth in Article 219-I of the French General Tax Code for fiscal years beginning as from 1 January 2020) for payments benefiting legal persons who are not French tax residents or (iii) 75% for payments made outside France in a Non-Cooperative State (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75% withholding tax set out under Article 125 A III of the French General Tax Code nor, to the extent the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion (and therefore the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code that may be levied as a result of such Deductibility Exclusion) will apply in respect of an issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the French tax administrative guidelines BOI-INT-DG-20-50-20140211 no. 550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 no. 70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 no. 10, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

(i) offered by means of a public offer within the meaning of Article L.411.1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities delivery and payments systems operator within the meaning of Article L. 561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

Payments made by the State of France as Guarantor

In the absence of any existing authority addressing the withholding tax treatment of payments made by the State of France as Guarantor, any future administrative, judicial or legislative development may affect the following discussions.

Under one interpretation of the general principles of French tax law, payments made by the State of France as Guarantor of any amount due by the Issuer to a Noteholder may be treated as a payment in lieu of payments to be made by the Issuer with respect to the Notes. Accordingly, under this interpretation, payments made by the State of France as Guarantor of any amounts due by the Issuer under the Notes to a Noteholder should, whilst not free from doubt, not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code provided that such payments made or to be made by the French State as Guarantor are not made in a Non-Cooperative State and the relevant Noteholder is not domiciled (*domicilié*) nor established (*établi*) in such a Non-Cooperative State.

Under another interpretation, any such payment may be treated as a payment independent from the payments to be made by the Issuer with respect to the Notes. Accordingly, in the absence of any specific provision in the French General Tax Code in respect of such payments, they should, whilst not free from doubt, not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code.

Payments made to Noteholders who are individuals fiscally domiciled in France

Pursuant to Article 125 A I of the French General Tax Code subject to certain limited exceptions, interest and similar revenues paid by a paying agent (*établissement payeur*) established in France to individuals who are domiciled for tax purposes (*domiciliés fiscalement*) in France are subject to a 12.8% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at a global rate of 17.2% on such interest and similar revenues received by individuals who are domiciled for tax purposes (*domiciliés fiscalement*) in France.

Belgian Taxation

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

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

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

For Belgian tax purposes, interest includes periodic interest income under the Notes and any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date). If interest is in a foreign currency, it is converted into euro on the date of payment or attribution.

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

Belgian resident individuals

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

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 30% withholding tax (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final tax for Belgian resident individuals. This means that if Belgian withholding tax has been levied on the interest, it does not need to be declared in the investor's personal income tax return.

Nevertheless, Belgian resident individuals may elect to declare interest on the Notes in their personal income tax return. Also, if the interest is paid abroad without the intervention of a paying agent in Belgium, no Belgian withholding tax will apply and the interest must be declared in the investor's personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 30% (or at the relevant progressive personal income tax rate(s), taking into account the investor's other declared income, if this results in lower taxation) and no local surcharges will be due. If the interest is declared, and is as such subject to income tax, any Belgian withholding tax levied may be credited against the investor's income tax liability.

Capital gains realised upon the sale of the Notes to a party other than the Issuer are in principle tax exempt, unless they fall outside the scope of the normal management of the investor's private estate. However, in case of a sale of Notes between two interest payment dates, the part of the sale price attributable to accrued interest must normally be declared by the investor is his or her personal income tax return and will undergo the same tax treatment as set out in the previous paragraph (on a *pro rata* basis). Capital losses on the Notes are in principle not tax deductible.

Belgian resident companies

Companies that are Belgian residents for tax purposes, i.e., that are subject to Belgian corporate income tax (*Vennootschapsbelasting*/*Impôt des sociétés*) are subject to the following tax treatment in Belgium with respect to the Notes. Different rules apply to companies subject to a special tax regime,

such as investment companies within the meaning of Article 185 *bis* of the Belgian Income Tax Code 1992.

Interest payments on the Notes made through a paying agent in Belgium to Belgian resident companies will in principle be subject to a 30% withholding tax (calculated on the interest received after deduction of any non-Belgian withholding taxes). However, the interest can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered. For Zero Coupon Notes or Notes with a capitalisation feature, an exemption will only apply if the investor and the Issuer are related companies within the meaning of Article 105, 6° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992.

Interest on the Notes will be subject to Belgian corporate income tax (on an accrual basis) at the standard rate of currently 29.58 % (with a reduced rate of 20.40% applying to the first tranche of EUR 100,000 of taxable income of qualifying small companies), to be reduced to 25% (and 20%) as from 1 January 2020 onwards. If non-Belgian withholding tax has been levied on the interest, a foreign tax credit will be applied against the Belgian tax due, if any (if the non-Belgian withholding tax exceeds the amount of Belgian corporate income tax, the excess cannot be carried forward and is not refundable). The foreign tax credit is determined by reference to a fraction where the numerator is equal to the rate of the foreign tax with a maximum of 15 and the denominator is equal to 100 minus the amount of the numerator (with a number of additional limitations). Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

Capital gains realised upon a sale of the Notes to a party other than the Issuer will be subject to Belgian corporate income tax at the standard rate of currently 29.58 % (with a reduced rate of 20.40% applying to the first tranche of EUR 100,000 of taxable income of qualifying small companies), to be reduced to 25% (and 20%) as from 1 January 2020 onwards. Capital losses on the Notes will in principle be tax deductible.

Organisations for Financing Pensions

Belgian pension fund entities that have the form of an Organisation for Financing Pensions ("**OFP**") are subject to Belgian corporate income tax (*Vennootschapsbelasting*/*Impôt des sociétés*). OFPs are subject to the following tax treatment in Belgium with respect to the Notes.

Interest derived by OFP (*Organismen voor de Financiering van Pensioenen/Organismes de Financement de Pensions)* Noteholders on the Notes and capital gains realised upon a sale of the Notes to a party other than the Issuer will not be subject to Belgian corporate income tax. Any Belgian withholding tax levied is creditable and refundable in accordance with the applicable legal provisions. Capital losses on the Notes will not be tax deductible.

Other Belgian resident legal entities

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

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 30% withholding tax (calculated on the interest received after deduction of any non-Belgian withholding taxes). No further tax on legal entities will be due on the interest.

If the interest is paid abroad without the intervention of a paying agent in Belgium, no Belgian withholding tax will be deducted but the investor itself must declare the interest (after deduction of any non-Belgian withholding taxes) to the Belgian tax administration and pay the applicable withholding tax to the Belgian treasury.

Capital gains realised upon the sale of the Notes to a party other than the Issuer will in principle not be taxable. However, in case of a sale of Notes between two interest payment dates, the part of the sale price attributable to accrued interest must normally be declared by the investor and will be subject to withholding tax as set out in the previous paragraph (on a *pro rata* basis). Capital losses on the Notes will in principle not be tax deductible.

Belgian non-residents

Interest payments on the Notes made to non-residents of Belgium through a paying agent in Belgium will, in principle, be subject to a 30% withholding tax (calculated on the interest received after deduction of any non-Belgian withholding taxes), unless the holder of the Notes is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the interest is paid abroad without the intervention of a paying agent in Belgium, no Belgian withholding tax will apply.

Non-resident investors who have not allocated the Notes to the exercise of a professional activity in Belgium through a permanent establishment can also obtain an exemption from Belgian withholding tax on interest from the Notes paid through a credit institution, a stock market company or a clearing or settlement institution established in Belgium, provided that they deliver an affidavit to such institution or company confirming that: (i) they are non-residents; (ii) the Notes are held in full ownership or in usufruct; and (iii) the Notes are not allocated to the exercise of a professional activity in Belgium. No other Belgian income tax will be due by these investors.

Non-resident investors who have allocated the Notes to the exercise of a professional activity in Belgium through a permanent establishment are subject to the same tax rules as Belgian resident companies (see above).

Taxes on stock exchange transactions and on repurchase transactions

A tax on stock exchange transactions (*Taxe sur les opérations de bourse/Taks op de beursverrichtingen*) will be levied on the acquisition and disposal of the Notes on a secondary market if (i) executed in Belgium through a professional intermediary, or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium.

The tax is generally due at a rate of 0.12%, on each sale and acquisition separately, with a maximum amount of EUR 1,300 per transaction and per party. A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. However, if the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian representative for tax purposes, which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary.

No transfer tax will be due on the issuance of the Notes (primary market).

A tax on repurchase transactions (*Taxe sur les reports/Taks op reportverrichtingen*) at the rate of 0.085% 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 per party and per transaction of EUR 1,300.

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

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

Annual tax on securities accounts

The law of 7 February 2018 (published in the Belgian State Gazette on 9 March 2018) introduced a tax on securities accounts (*Taxe sur les comptes-titres/Taks op de effectenrekeningen*). Pursuant to this law, Belgian resident and non-resident individuals are taxed at a rate of 0.15% on their share in the average value of qualifying financial instruments (i.e., shares, share certificates, bonds, bond certificates, units or shares in investment funds or companies (except if acquired or subscribed to in the context of a life insurance or pension savings arrangement), medium-term notes (*Bons de caisse/Kasbons*) and warrants) held in one or more securities accounts with one or more financial intermediaries during a reference period of 12 consecutive months starting on 1 October and ending on 30 September of the subsequent year (Tax on Securities Accounts). However, the first reference period starts as of the day following the publication of the law in the Belgian State Gazette (i.e., on 10 March 2018) and ends on 30 September 2018. The tax is not due if the Noteholder's share in the average value of the qualifying financial instruments in those accounts amounts to less than EUR 500,000. If, however, the holder's share in the average value of the qualifying financial instruments in those accounts amounts to EUR 500,000 or more, the Tax on Securities Accounts is due on the entire share of the holder in the average value of the qualifying financial instruments in those accounts (and hence, not only on the part which exceeds the EUR 500,000 threshold).

Qualifying financial instruments held by non-resident individuals in securities accounts with a financial intermediary established or located in Belgium fall within the scope of the Tax on Securities Accounts. However, pursuant to certain double tax treaties entered into by Belgium, Belgium does not have the right to tax the capital. As a result, to the extent the Tax on Securities Accounts is viewed as a tax on capital within the meaning of these double tax treaties, the treaty override may, subject to certain conditions, be claimed.

A financial intermediary is defined as (i) a credit institution or a listed company as defined by Article 1, §2 and §3 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and listed companies and (ii) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law permitted to hold financial instruments for the account of customers.

The Tax on Securities Accounts is in principle due by the financial intermediary established or located in Belgium if (i) the holder's share in the average value of the qualifying financial instruments held on one or more securities accounts with said intermediary amounts to EUR 500,000 or more or (ii) the holder instructed the financial intermediary to levy the Tax on Securities Accounts due (e.g., in case such holder holds qualifying financial instruments in several securities accounts held with multiple intermediaries of which the average value of each of these accounts does not amount to EUR 500,000 or more but of which the holder's share in the total average value of these accounts exceeds EUR

500,000 EUR). If the Tax on Securities Accounts is not paid by the financial intermediary, such Tax on Securities Accounts has to be declared and is due by the holder itself, unless the holder provides evidence that the Tax has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint a Tax on the Securities Accounts representative in Belgium, subject to certain conditions and formalities (Tax on the Securities Accounts Representative). Such Tax on the Securities Accounts Representative will then be liable to the Belgian Treasury for the Tax on the Securities Accounts due and for compliance with certain reporting obligations in that respect.

In their annual income tax return, Belgian resident individuals must report all securities accounts held with one or more financial intermediaries of which they are considered the holder within the meaning of the Tax on Securities Accounts. Non-resident individuals must report in their annual Belgian non-resident income tax return all securities accounts held with one or more financial intermediaries established or located in Belgium of which they are considered the holder within the meaning of the Tax on Securities Accounts.

Prospective Noteholders are strongly advised to seek their own professional advice in relation to the Tax on Securities Accounts.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Notes

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

(ii) Resident holders of Notes

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

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

assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20%.

CERTAIN ERISA CONSIDERATIONS

The Notes should be eligible for purchase by employee benefit plans and other plans subject to the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and/or the provisions of section 4975 of the Code and by governmental plans (as defined in section 3(32) of ERISA), certain church plans (as defined in section 3(33) of ERISA) and non-U.S. plans (as described in section 4(b)(4) of ERISA) that are subject to state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code, subject to consideration of the issues described in this section. ERISA imposes certain requirements on employee benefit plans (as defined in section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under "*Risk Factors*".

Section 406 of ERISA and section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the "**Plans**")) and certain persons (referred to as parties in interest or disqualified persons) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a plan fiduciary, who engages in a prohibited transaction, may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, the Fiscal Agent, the Dealers or any other party to the transactions contemplated by this Prospectus as completed by any Pricing Supplement may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of section 406 of ERISA or section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan with respect to which the Issuer, the Trustee, the Dealers or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are section 408(b)(17) of ERISA and section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisers regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Each purchaser and subsequent transferee of any Note (or interest therein) will be deemed by such purchase or acquisition of any such Note (or interest therein) to have represented and warranted, on

each day from the date on which the purchaser or transferee acquires such Note (or interest therein) through to and including the date on which the purchaser or transferee disposes of such Note (or interest therein), either that (a) it is not a Plan or an entity whose underlying assets include the assets of any Plan or a governmental, church or non-U.S. plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) its acquisition, holding and disposition of such Note (or interest therein) will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, under any substantially similar federal, state, local, non-U.S. or other law) for which an exemption is not available.

In addition, each Benefit Plan Investor (as defined below) who purchases the Notes, or any beneficial interest therein, including any fiduciary purchasing such Notes on behalf of a Benefit Plan Investor ("**Plan Fiduciary**") will be deemed to represent that (i) none of the Issuer, Trustee, Dealers or any other party to the transactions contemplated by this Prospectus as completed by any Pricing Supplement or any of their respective affiliated entities (the "**Transaction Parties**"), has provided or will provide advice with respect to the acquisition of the Notes by the Benefit Plan Investor, other than to the Plan Fiduciary which is independent of the Transaction Parties, and the Plan Fiduciary either: (A) is a bank as defined in section 202 of the Investment Advisers Act of 1940 (the "**Advisers Act**"), or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; (B) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a benefit plan investor; (C) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (D) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (E) has, and at all times that the Benefit Plan Investor is invested in the Notes will have, total assets of at least U.S. $50,000,000 under its management or control (provided that this clause (E) shall not be satisfied if the Plan Fiduciary is either (1) the owner or a relative of the owner of an investing individual retirement account or (2) a participant or beneficiary of the Benefit Plan Investor investing in the Notes in such capacity); (ii) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Benefit Plan Investor of the Notes; (iii) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan Investor within the meaning of section 3(21) of ERISA, section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of the Notes; (iv) none of the Transaction Parties has exercised any authority to cause the Benefit Plan Investor to invest in the Notes or to negotiate the terms of the Benefit Plan Investor's investment in the Notes; and (v) the Plan Fiduciary has been informed by the Transaction Parties: (A) that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the Benefit Plan Investor's acquisition of the Notes; and (B) of the existence and nature of the Transaction Parties financial interests in the Benefit Plan Investor's acquisition of such Notes. The above representations in this paragraph are intended to comply with the Department of Labor's Regulation. Sections 29 C.F.R. 2510.3-21(a) and (c)(1) as promulgated on April 8, 2016 (81 Fed. Reg. 20,997). If these regulations are revoked, repealed or no longer effective, these representations shall be deemed to be no longer in effect.

None of the Transaction Parties is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any Notes by any Benefit Plan Investor. The term "Benefit Plan Investor" includes: (a) an employee benefit plan (as defined in section 3(3) of ERISA) that is subject to Part 4 of Title I of ERISA, (b) a plan subject to section 4975 of the Code or (c) an entity whose underlying assets include "plan assets" by reason of any such employee benefit plan or plan's investment in the entity.

Each Plan Fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any substantially similar U.S. federal, state, local or non-U.S. law).

The sale of any Notes to a Plan is in no respect a representation by the Issuer, the Fiscal Agent, the Dealers or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

PLAN OF DISTRIBUTION

Subject to the terms and on the conditions contained in a dealer agreement dated 25 June 2018 (as may be amended, supplemented or otherwise modified from time to time, the "**Dealer Agreement**") among the Issuer and the dealers named therein (the "**Permanent Dealers**"), the Notes will be offered from time to time by the Issuer by and through the Dealers or one or more affiliates thereof or through other dealers who are not currently parties to, but who may accede to, the Dealer Agreement (such dealers, together with the Permanent Dealers, the "**Dealers**"). The Issuer has reserved the right to sell Notes directly on its own behalf to one or more relevant Dealers.

The Notes may be resold at prevailing market prices, or at a fixed price offering, at the time of such resale, as determined by the relevant Dealer(s). The Notes may also be sold by the Issuer through one or more of the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers on a several basis. In addition, the Dealers may offer the Notes they have purchased as principal to other dealers. The Dealers may sell Notes to any dealer at a discount and, unless otherwise specified in the applicable Pricing Supplement, such discount allowed to any dealer will not be in excess of the discount to be received by such Dealer from the Issuer.

The Dealer Agreement entitles the Dealers to terminate any agreement that they make to purchase Notes in certain circumstances prior to payment for such Notes being made to the Issuer. The Issuer will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. Each Dealer will have the right to reject any proposed purchase of Notes through it in whole or in part.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of the Notes purchased by it. No commission will be payable by the Issuer to any of the Dealers on account of sales of Notes made directly by the Issuer. The Issuer has agreed to reimburse the Dealers for certain of their activities in connection with the Programme and the issue of the Notes under the Programme. The commissions in respect of an issue of the Notes on a syndicated basis will be stated in the applicable Pricing Supplement for the issue.

The Issuer has agreed to indemnify the several Dealers against certain liabilities in connection with the offer and sale of the Notes (including liabilities under the Securities Act) or to contribute to payments the Dealers may be required to make in respect thereof in connection with the establishment and any future updates of the Programme and the issue of the Notes under the Programme.

In connection with an offering of Notes purchased by one or more Dealers as principal on a fixed offering price basis, certain persons participating in the offering (including such Dealers) may engage in stabilising and syndicate covering transactions. These transactions may include short sales, purchases to cover positions created by short sales, and stabilising transactions.

Short sales involve the sale by the Dealers of a greater principal amount of Notes than they are required to purchase in the corresponding offering. The Dealers may close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the Dealers are concerned that there may be downward pressure on the price of the Notes in the open market prior to the completion of the corresponding offering.

The Dealers may impose a penalty bid. This occurs when a particular manager repays to the Dealers a portion of the underwriting discount received by it because the representatives of the Dealers have repurchased Notes sold by or for the account of that Dealer in stabilising or short covering transactions.

Purchases to cover a short position and stabilising transactions may have the effect of preventing or slowing a decline in the market price of the Notes. Additionally, these purchases, along with the imposition of the penalty bid, may stabilise, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market. These transactions may be effected in the over-the-counter market or otherwise. These transactions, if commenced, may be discontinued at any time.

Each series of Notes issued will be a new issue of securities with no established trading market. Pursuant to the Dealer Agreement, application may be made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange. The Dealers may make a market in one or more series of Notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for any series of Notes or that active public markets for any series of Notes will develop. If active public trading markets for any series of Notes do not develop, the market prices and liquidity of such Notes may be adversely affected.

The Dealers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The several Dealers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer, and the Dealers have not provided any legal, accounting, regulatory or tax advice with respect to any offering contemplated hereby and the Issuer has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate. Where any of the Dealers or their affiliates has a lending relationship with the Issuer, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers may hedge, their credit exposure to the Issuer consistent with their customary risk management policies. Typically, these Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes.

Certain of the Dealers and their respective affiliates have, directly or indirectly, performed investment and commercial banking or financial advisory services for the Issuer and/or its affiliates for which they may have received customary fees and commissions, and they expect to provide these services to the Issuer and/or its affiliates in the future, for which they will receive customary fees and commissions. In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Issuer. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

Each Dealer has acknowledged that the Notes may only be initially subscribed by investors qualifying as, and accordingly has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only offered and sold and will only offer and sell Notes for initial subscription to "**Third Party Beneficiaries**" *(Tiers Bénéficiaires)* within the meaning of paragraph (a) or paragraphs (c) to (f) of Schedule A to the Guarantee, or by Qualified Institutional Buyers, namely:

(a) all "qualified investors" within the meaning of article 2(1)(e) of Directive 2003/71 of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended,

(b) all Qualified Institutional Buyers as defined under the Securities Act,

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

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

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

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

including the subsidiaries of the Dexia Group that meet the criteria set out in paragraphs (a), (b), (d) or (f) above, but only to the extent that the Notes which have been subscribed to or purchased by such subsidiaries are intended:

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

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

the Notes so subscribed by any member of the Dexia Group being only entitled to the benefit of the Guarantee (a) from the date of their transfer to, and as long as they are held by, such Third-Party Beneficiaries in the case referred to in point (A), or (b) from the date of their inclusion, and as long as they are included, in a cover pool as referred to in point (B).

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

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

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes that may be purchased by a QIB pursuant to Rule 144A will be U.S. $250,000 (or, if the Notes are denominated in a currency other than U.S. Dollars, the equivalent amount in any such currency as the date of issue of those Notes).

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it has not offered or sold and will not offer or sell the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche (the "**Distribution Compliance Period**"), as determined and certified to the Issuer and each Relevant Dealer, by the Fiscal Agent, or in the case of a syndicated issue of Notes, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Until 40 days after the commencement of the offering of a Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each purchaser of Notes will be deemed to have represented and agreed with the Issuer as set forth under "*Transfer Restrictions*" herein.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the applicable Pricing Supplement or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*).

Belgium

The Notes are not intended to be sold to Belgian Consumers. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to Belgian Consumers, and has not distributed or caused to be distributed and will not distribute or cause to be distributed, the Prospectus, the relevant Pricing Supplement or any other offering material relating to the Notes to Belgian Consumers.

For these purposes, a "**Belgian Consumer**" has the meaning provided by the Belgian Code of Economic Law, as amended from time to time (*Wetboek van 28 februari 2013 van economisch recht/Code du 28 février 2013 de droit économique*), being any natural person resident or located in Belgium and any acting for purposes which are outside his/her trade, business or profession.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) in relation to any Notes which must be redeemed before the first anniversary of the date of their issue, (a) 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 (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer.

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA 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 such Notes in, from or otherwise involving the United Kingdom.

The Grand Duchy of Luxembourg

The Dealers can also make an offer of Notes to the public in Luxembourg:

(i) 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;

(ii) 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

(iii) 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, as amended, implementing 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person under Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275

except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person under Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; (3) by operation of law; or (4) pursuant to Section 276(7) of the SFA.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

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

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

General

If necessary these selling restrictions will be supplemented in the applicable Pricing Supplement. These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation, directive or provision of the Independent On-Demand Guarantee. Any such modification will be set out in the applicable Supplement issued in respect of the issue of Notes to which it relates or in a Supplement to the Base Prospectus.

Unless otherwise specified in the applicable Supplement, no action has been taken in any jurisdiction that would permit an offer to the public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

TRANSFER RESTRICTIONS

Restricted Notes

Each purchaser of Notes (whether in definitive form or represented by a Global Certificate) within the United States sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer ("**Restricted Notes**"), by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, (c) not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuer and is not acting on behalf of the Issuer, and (d) aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A under the Securities Act.

2. The Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) in each case in accordance with any applicable securities laws of any State of the United States, and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes.

3. The Restricted Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend (the "**Legend**") in or substantially in the following form:

   IF THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. (OR SUCH OTHER PERSON AS MAY BE NOMINATED BY THE DEPOSITORY TRUST COMPANY (DTC) FOR THE PURPOSE) (COLLECTIVELY, CEDE & CO.) AS NOMINEE FOR DTC, THEN, UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF DTC TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT AND ANY CERTIFICATE ISSUED UPON REGISTRATION OF TRANSFER OR EXCHANGE OF THIS CERTIFICATE IS REGISTERED IN THE NAME OF CEDE & CO. (OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC) AND ANY PAYMENT HEREUNDER IS MADE TO CEDE & CO. (OR, AS THE CASE MAY BE, SUCH OTHER PERSON), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED OWNER HEREOF, CEDE & CO. (OR, AS THE CASE MAY BE, SUCH OTHER PERSON), HAS AN INTEREST HEREIN.

   THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") THAT IS ACQUIRING THIS SECURITY FOR ITS OWN

ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT ("**RULE 144**"), IF AVAILABLE, OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SECURITIES.

BY ITS PURCHASE AND HOLDING OF A SECURITY (OR INTEREST THEREIN), EACH PURCHASER AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED EITHER THAT (1) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" SUBJECT TO TITLE I, PART 4 OF ERISA OR A "PLAN" SUBJECT TO SECTION 4975 OF THE CODE OR AN ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY, "**PLANS**"), AND IT IS NOT PURCHASING OR HOLDING SECURITIES ON BEHALF OF OR WITH THE ASSETS OF ANY SUCH PLAN OR (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF A SECURITY (OR INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY SUBSTANTIALLY SIMILAR PROVISIONS OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW. IN ADDITION, BY ITS PURCHASE AND HOLDING OF A SECURITY (OR INTEREST THEREIN), EACH PURCHASER OR TRANSFEREE OF A SECURITY THAT IS A BENEFIT PLAN INVESTOR, INCLUDING ANY FIDUCIARY PURCHASING A SECURITY ON BEHALF OF A BENEFIT PLAN INVESTOR ("**PLAN FIDUCIARY**") WILL BE DEEMED TO REPRESENT AND WARRANT THAT (I) NONE OF THE ISSUER, TRUSTEE, DEALERS OR ANY OTHER PARTY TO THE TRANSACTIONS CONTEMPLATED BY THIS PROSPECTUS AS COMPLETED BY ANY PRICING SUPPLEMENT OR ANY OF THEIR RESPECTIVE AFFILIATED ENTITIES (THE "T**RANSACTION PARTIES**"), HAS PROVIDED OR WILL PROVIDE ADVICE WITH RESPECT TO THE ACQUISITION OF A SECURITY BY THE BENEFIT PLAN INVESTOR, OTHER THAN TO THE PLAN FIDUCIARY WHICH IS INDEPENDENT OF THE TRANSACTION PARTIES, AND THE PLAN FIDUCIARY EITHER: (A) IS A BANK AS DEFINED IN SECTION 202 OF THE INVESTMENT ADVISERS ACT OF 1940, OR SIMILAR INSTITUTION THAT IS REGULATED AND SUPERVISED AND SUBJECT TO PERIODIC EXAMINATION BY A STATE OR FEDERAL AGENCY; (B) IS AN INSURANCE CARRIER WHICH IS QUALIFIED UNDER THE LAWS OF MORE THAN ONE STATE TO PERFORM THE SERVICES OF MANAGING, ACQUIRING OR DISPOSING OF ASSETS OF A BENEFIT PLAN INVESTOR; (C) IS AN INVESTMENT ADVISER REGISTERED UNDER THE ADVISERS ACT, OR, IF NOT REGISTERED AS AN INVESTMENT ADVISER UNDER THE ADVISERS ACT BY REASON OF PARAGRAPH (1) OF SECTION 203A OF THE ADVISERS ACT, IS REGISTERED AS AN INVESTMENT ADVISER UNDER THE LAWS OF THE STATE IN WHICH IT MAINTAINS ITS PRINCIPAL OFFICE AND PLACE OF BUSINESS; (D) IS A BROKER-DEALER REGISTERED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED; OR (E) HAS, AND AT ALL TIMES THAT THE BENEFIT PLAN INVESTOR IS INVESTED IN A SECURITY WILL HAVE, TOTAL ASSETS OF AT LEAST U.S. $50,000,000 UNDER ITS MANAGEMENT OR CONTROL (PROVIDED THAT THIS CLAUSE (E) SHALL NOT BE SATISFIED IF

THE PLAN FIDUCIARY IS EITHER (1) THE OWNER OR A RELATIVE OF THE OWNER OF AN INVESTING INDIVIDUAL RETIREMENT ACCOUNT OR (2) A PARTICIPANT OR BENEFICIARY OF THE BENEFIT PLAN INVESTOR INVESTING IN A SECURITY IN SUCH CAPACITY); (II) THE PLAN FIDUCIARY IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH RESPECT TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES, INCLUDING THE ACQUISITION BY THE BENEFIT PLAN INVESTOR OF A SECURITY; (III) THE PLAN FIDUCIARY IS A "FIDUCIARY" WITH RESPECT TO THE BENEFIT PLAN INVESTOR WITHIN THE MEANING OF SECTION 3(21) OF ERISA, SECTION 4975 OF THE CODE, OR BOTH, AND IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE BENEFIT PLAN INVESTOR'S ACQUISITION OF A SECURITY; (IV) NONE OF THE TRANSACTION PARTIES HAS EXERCISED ANY AUTHORITY TO CAUSE THE BENEFIT PLAN INVESTOR TO INVEST IN A SECURITY OR TO NEGOTIATE THE TERMS OF THE BENEFIT PLAN INVESTOR'S INVESTMENT IN A SECURITY; AND (V) THE PLAN FIDUCIARY HAS BEEN INFORMED BY THE TRANSACTION PARTIES: (A) THAT NONE OF THE TRANSACTION PARTIES IS UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY, AND THAT NO SUCH ENTITY HAS GIVEN INVESTMENT ADVICE OR OTHERWISE MADE A RECOMMENDATION, IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF A SECURITY; AND (B) OF THE EXISTENCE AND NATURE OF THE TRANSACTION PARTIES FINANCIAL INTERESTS IN THE BENEFIT PLAN INVESTOR'S ACQUISITION OF A SECURITY. "**BENEFIT PLAN INVESTOR**" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY.

Unless this Certificate is presented by an authorised representative of The Depository Trust Company, a New York corporation ("**DTC**"), to the Issuer or its agent for registration of transfer, exchange or payment, and any definitive Certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorised representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorised representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL in as much as the registered owner hereof, Cede & Co., has an interest herein.

4. It understands that the Issuer, each Registrar, the Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

5. It understands that the Restricted Notes will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

6. By its purchase or acquisition of a Restricted Note (or interest therein), it represents and warrants, on each day from the date on which it acquires a Restricted Note (or interest therein) through to and including the date on which it disposes of such Restricted Note (or interest therein), either that (a) it is not a Plan or an entity whose underlying assets include the assets of any Plan or a governmental, church or non-U.S. plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) its acquisition, holding and disposition of such Restricted Note (or interest therein) will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a violation of any substantially similar federal, state, local, non-U.S. or other law) for which an exemption is not available. In addition, each Benefit Plan Investor who purchases a Restricted Note, or any beneficial interest therein, including any Plan Fiduciary, will be deemed to represent that (i) none of the Transaction Parties has provided or will provide advice with respect to the acquisition of such Restricted Note by the Benefit Plan Investor, other than to the Plan Fiduciary which is independent of the Transaction Parties, and the Plan Fiduciary either: (A) is a bank as defined in Section 202 of the Advisers Act, or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; (B) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a benefit plan investor; (C) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (D) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (E) has, and at all times that the Benefit Plan Investor is invested in such Restricted Notes will have, total assets of at least U.S. $50,000,000 under its management or control (provided that this clause (E) shall not be satisfied if the Plan Fiduciary is either (1) the owner or a relative of the owner of an investing individual retirement account or (2) a participant or beneficiary of the Benefit Plan Investor investing in such Restricted Notes in such capacity); (ii) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Benefit Plan Investor of such Restricted Notes; (iii) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan Investor within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of such Restricted Notes; (iv) none of the Transaction Parties has exercised any authority to cause the Benefit Plan Investor to invest in such Restricted Notes or to negotiate the terms of the Benefit Plan Investor's investment in such Restricted Notes; and (v) the Plan Fiduciary has been informed by the Transaction Parties: (A) that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the Benefit Plan Investor's acquisition of such Restricted Notes; and (B) of the existence and nature of the Transaction Parties financial interests in the Benefit Plan Investor's acquisition of such Restricted Notes.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act.

Unrestricted Notes

Each purchaser of Notes (whether in definitive form or represented by a Global Certificate) sold to non-U.S. persons outside the United States in reliance on Regulation S ("**Unrestricted Notes**"), by

accepting delivery of this Base Prospectus and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and is located outside the United States (within the meaning of Regulation S under the Securities Act), and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

2. It understands that such Unrestricted Notes have not been and will not be registered under the Securities Act and it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account, or for the account of one or more QIBs, or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States.

3. It understands that the Unrestricted Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend in or substantially in the following form:

   "THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

   BY ITS PURCHASE AND HOLDING OF A SECURITY (OR INTEREST THEREIN), EACH PURCHASER AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED EITHER THAT (1) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" SUBJECT TO TITLE I, PART 4 OF ERISA OR A "PLAN" AS DESCRIBED IN SECTION 4975 OF THE CODE OR AN ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY, "**PLANS**"), AND IT IS NOT PURCHASING OR HOLDING SECURITIES ON BEHALF OF OR WITH THE ASSETS OF ANY SUCH PLAN OR (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF A SECURITY (OR INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY SUBSTANTIALLY SIMILAR PROVISIONS OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW. IN ADDITION, BY ITS PURCHASE AND HOLDING OF A SECURITY (OR INTEREST THEREIN), EACH PURCHASER OR TRANSFEREE OF A SECURITY THAT IS A BENEFIT PLAN INVESTOR, INCLUDING ANY FIDUCIARY PURCHASING A SECURITY ON BEHALF OF A BENEFIT PLAN INVESTOR ("**PLAN FIDUCIARY**") WILL BE DEEMED TO REPRESENT AND WARRANT THAT (I) NONE OF THE ISSUER, TRUSTEE, DEALERS OR ANY OTHER PARTY TO THE TRANSACTIONS CONTEMPLATED BY THIS PROSPECTUS AS COMPLETED BY ANY PRICING SUPPLEMENT OR ANY OF THEIR RESPECTIVE AFFILIATED ENTITIES (THE "**TRANSACTION PARTIES**"), HAS PROVIDED OR WILL PROVIDE ADVICE WITH RESPECT TO THE ACQUISITION OF A SECURITY BY THE BENEFIT PLAN INVESTOR, OTHER THAN TO THE PLAN FIDUCIARY WHICH IS INDEPENDENT OF THE TRANSACTION PARTIES, AND THE PLAN

FIDUCIARY EITHER: (A) IS A BANK AS DEFINED IN SECTION 202 OF THE INVESTMENT ADVISERS ACT OF 1940, OR SIMILAR INSTITUTION THAT IS REGULATED AND SUPERVISED AND SUBJECT TO PERIODIC EXAMINATION BY A STATE OR FEDERAL AGENCY; (B) IS AN INSURANCE CARRIER WHICH IS QUALIFIED UNDER THE LAWS OF MORE THAN ONE STATE TO PERFORM THE SERVICES OF MANAGING, ACQUIRING OR DISPOSING OF ASSETS OF A BENEFIT PLAN INVESTOR; (C) IS AN INVESTMENT ADVISER REGISTERED UNDER THE ADVISERS ACT, OR, IF NOT REGISTERED AS AN INVESTMENT ADVISER UNDER THE ADVISERS ACT BY REASON OF PARAGRAPH (1) OF SECTION 203A OF THE ADVISERS ACT, IS REGISTERED AS AN INVESTMENT ADVISER UNDER THE LAWS OF THE STATE IN WHICH IT MAINTAINS ITS PRINCIPAL OFFICE AND PLACE OF BUSINESS; (D) IS A BROKER-DEALER REGISTERED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED; OR (E) HAS, AND AT ALL TIMES THAT THE BENEFIT PLAN INVESTOR IS INVESTED IN A SECURITY WILL HAVE, TOTAL ASSETS OF AT LEAST U.S. $50,000,000 UNDER ITS MANAGEMENT OR CONTROL (PROVIDED THAT THIS CLAUSE (E) SHALL NOT BE SATISFIED IF THE PLAN FIDUCIARY IS EITHER (1) THE OWNER OR A RELATIVE OF THE OWNER OF AN INVESTING INDIVIDUAL RETIREMENT ACCOUNT OR (2) A PARTICIPANT OR BENEFICIARY OF THE BENEFIT PLAN INVESTOR INVESTING IN A SECURITY IN SUCH CAPACITY); (II) THE PLAN FIDUCIARY IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH RESPECT TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES, INCLUDING THE ACQUISITION BY THE BENEFIT PLAN INVESTOR OF A SECURITY; (III) THE PLAN FIDUCIARY IS A "FIDUCIARY" WITH RESPECT TO THE BENEFIT PLAN INVESTOR WITHIN THE MEANING OF SECTION 3(21) OF ERISA, SECTION 4975 OF THE CODE, OR BOTH, AND IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE BENEFIT PLAN INVESTOR'S ACQUISITION OF A SECURITY; (IV) NONE OF THE TRANSACTION PARTIES HAS EXERCISED ANY AUTHORITY TO CAUSE THE BENEFIT PLAN INVESTOR TO INVEST IN A SECURITY OR TO NEGOTIATE THE TERMS OF THE BENEFIT PLAN INVESTOR'S INVESTMENT IN A SECURITY; AND (V) THE PLAN FIDUCIARY HAS BEEN INFORMED BY THE TRANSACTION PARTIES: (A) THAT NONE OF THE TRANSACTION PARTIES IS UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY, AND THAT NO SUCH ENTITY HAS GIVEN INVESTMENT ADVICE OR OTHERWISE MADE A RECOMMENDATION, IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF A SECURITY; AND (B) OF THE EXISTENCE AND NATURE OF THE TRANSACTION PARTIES FINANCIAL INTERESTS IN THE BENEFIT PLAN INVESTOR'S ACQUISITION OF A SECURITY. "**BENEFIT PLAN INVESTOR**" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY."

4. It understands that the Issuer, each Registrar, the Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

5. It understands that the Unrestricted Notes will be represented by an Unrestricted Global Certificate.

6. By its purchase or acquisition of an Unrestricted Note, it represents and warrants, on each day from the date on which it acquires an Unrestricted Note through to and including the date on which it disposes of such Unrestricted Note, either that (a) it is not a Plan or an entity whose underlying assets include the assets of any Plan or a governmental, church or non-U.S. plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) its acquisition, holding and disposition of such Unrestricted Note will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, under any substantially similar federal, state, local, non-U.S. or other law) for which an exemption is not available. In addition, each Benefit Plan Investor who purchases an interest in a Unrestricted Note, or any beneficial interest therein, including any Plan Fiduciary, will be deemed to represent that (i) none of the Transaction Parties has provided or will provide advice with respect to the acquisition of such Unrestricted Note by the Benefit Plan Investor, other than to the Plan Fiduciary which is independent of the Transaction Parties, and the Plan Fiduciary either: (A) is a bank as defined in Section 202 of the Advisers Act, or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; (B) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a benefit plan investor; (C) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (D) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (E) has, and at all times that the Benefit Plan Investor is invested in such Unrestricted Notes will have, total assets of at least U.S. $50,000,000 under its management or control (provided that this clause (E) shall not be satisfied if the Plan Fiduciary is either (1) the owner or a relative of the owner of an investing individual retirement account or (2) a participant or beneficiary of the Benefit Plan Investor investing in such Unrestricted Notes in such capacity); (ii) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Benefit Plan Investor of such Unrestricted Notes; (iii) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan Investor within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of such Unrestricted Notes; (iv) none of the Transaction Parties has exercised any authority to cause the Benefit Plan Investor to invest in such Unrestricted Notes or to negotiate the terms of the Benefit Plan Investor's investment in such Unrestricted Notes; and (v) the Plan Fiduciary has been informed by the Transaction Parties: (A) that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the Benefit Plan Investor's acquisition of such Unrestricted Notes; and (B) of the existence and nature of the Transaction Parties financial interests in the Benefit Plan Investor's acquisition of such Unrestricted Notes.

CLEARING AND SETTLEMENT

Book-Entry Ownership

Book-Entry Notes

The Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make an application to DTC for acceptance in its book-entry settlement system of the Notes represented by a Global Certificate. Each such Global Certificate will have a CUSIP number. Each Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under "*Transfer Restrictions*". In certain circumstances, as described below in "*—Transfers of Notes*," transfers of interests in a Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Notes to be cleared through the facilities of DTC, the Custodian, with whom the Global Certificates are deposited, and DTC, will electronically record the nominal amount of the Notes held within the DTC system. Investors may hold their beneficial interests in a Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Global Certificate registered in the name of DTC's nominee will be to, or to the order of, its nominee as the registered owner of such Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as it is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, ownership interests in any Global Certificate, or for maintaining, supervising or reviewing any records relating to such ownership interests.

The Issuer may make applications to DTC, Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by an Unrestricted Global Certificate. In the case of each Unrestricted Global Certificate deposited with a common depositary for, and registered in the name of, a nominee of Euroclear and/or Clearstream, such Unrestricted Global Certificate will have an ISIN and a Common Code.

All Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Definitive Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate or a Restricted Global Certificate, in amounts specified in the applicable Pricing Supplement.

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Notes. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with

respect to Notes held by DTC or its nominee will be received from the Issuer by the Exchange Rate Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Exchange Rate Agent will convert amounts in such currency into U.S. dollars and deliver, or procure delivery via the Paying Agent, such US dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment that did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

Transfers of Notes

Transfers of interests in Global Certificates within DTC, Euroclear, and Clearstream will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may be held through DTC, Euroclear or Clearstream. In the case of Notes to be cleared through DTC, Euroclear, and/or Clearstream, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes, provided that any such transfer relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by any Transfer Agent of a written certificate from DTC, Euroclear or Clearstream, as the case may be (based on a written certificate from the transferor of such interest), to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer of the Notes represented by such Unrestricted Global Certificate will only be made upon request through DTC, Euroclear or Clearstream by the holder of an interest in the Unrestricted Global Certificate to the Fiscal Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at DTC, Euroclear or Clearstream, as the case may be, to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under "*Plan of Distribution*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three (3) business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers. For information,

"**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Cross-market transfers between accountholders in Euroclear or Clearstream and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent, the Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three (3) business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer, and (ii) two (2) business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

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

DTC has advised the Issuer that it will take any action permitted to be taken by a Noteholder (including, without limitation, the presentation of Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Global Certificates for exchange for Definitive Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company, a "banking organisation" under the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by Definitive Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream or DTC.

Definitive Certificates

Registration of title to Notes in a name other than a depositary or its nominee for Clearstream and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in "Summary of Provisions Relating to the Notes While in Global Form – *Exchange of Interests in Global Certificates for Definitive Certificates*" or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in "*Summary of Provisions Relating to the Notes While in Global Form – Exchange of Interests in Global Certificates for Definitive Certificates*". In such circumstances, the Issuer will cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates; and

(ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefore on the relevant Issue Date, which (unless indicated otherwise in the relevant Pricing Supplement) will be five (5) business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within three business days ("**T+3**"), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

ENFORCEABILITY OF JUDGMENTS IN FRANCE AND SERVICE OF PROCESS

DCL is a *société anonyme* incorporated under the laws of the Republic of France. The executive officers of DCL are, and will continue to be, non-residents of the United States and substantially all of the assets of the Issuer and such persons are located outside the United States. Although DCL has appointed an agent for service of process in the United States, the Issuer has been advised that only if certain conditions are met could a foreign judgment based upon U.S. federal or state securities laws be enforced in France.

The United States and France are not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters.

Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, enforceable in the United States, would not directly be recognised or enforceable in France. A party in whose favour such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*). Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non-ex parte*) proceedings if the civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French court of the merits of the foreign judgment):

- The U.S. judgment is enforceable in the United States;
- such U.S. judgment was rendered by a court having jurisdiction over the matter (because the dispute is sufficiently connected to the United States) and the French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case;
- such U.S. judgment is not tainted with fraud; and
- such U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time at which enforcement of the judgment is sought that have the same subject matter as such U.S. judgment (in this latter case, *exequatur* proceedings may be stayed).

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of 26 July 1968, as modified by French law No. 80-538 of 16 July 1980 and Order No. 2000-916 of 19 September 2000 (relating to communication of documents and information of an economic, commercial, industrial, financial, or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Similarly, French data protection rules (law No. 78-17 of 6 January 1978 on data processing, data files and individual liberties, as modified by law No. 2004-801 of 6 August 2004 and as last modified by law No. 2014-344 of 17 March 2014) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

An enforceable judgment obtained in the courts of England against the Issuer for a sum of money due in connection with the Notes issued under the Programme should be capable of direct recognition and enforcement in France, without a review of the substantive matters thereby adjudicated, and without exequatur proceedings, according to European Regulation No. 1215/2012 of December 12, 2012 on

jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (EC Regulation 1215). Recognition and enforcement of this judgment can however be resisted before French courts in the following circumstances:

- if such recognition or enforcement is manifestly contrary to French Public Policy;

- where the judgment was given in default of appearance, if the defendant was not served with the document which instituted the proceedings in sufficient time and in such a way as to enable the defendant to arrange for her/his defence unless the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so;

- if the judgment is irreconcilable with a judgment given between the same parties in France, or with an earlier judgment handed down in a EU Member State or an earlier judgment given in a third State involving the same cause of action and the same parties, providing that the earlier judgment fulfils the conditions necessary for recognition and enforcement in France; and

- if the judgment conflicts with the rules on jurisdiction that are applicable to insurance matters, consumer contracts and individual contracts of employment contained in EC Regulation 1215/2012 or conflicts with the rules on exclusive jurisdiction contained in EC Regulation 1215/2012.

The decision on the application for refusal of enforcement of such judgment can be appealed against by either party. As regards judgment obtained in the courts of England in proceedings instituted before 10 January 2015, an application for recognition and enforcement of has to be brought before French courts on an *ex-parte* basis, pursuant to European Regulation No. 44/2001 of 22 December 2000. Recognition and enforcement can be only be refused on the basis of the same grounds as those listed above (and without a review of the merits of the judgment) and the decision may be appealed against by either party.

Furthermore, if an original action is brought in France, French courts may refuse to apply the designated law if its application contravenes French public policy under Regulation (EC) No. 593/2008 of 17 June 2008 on the law applicable to contractual obligations (Rome I) and Regulation (EC) No. 864/2007 of 11 July 2007 on the law applicable to non-contractual obligations (Rome II).

Pursuant to Articles 14 and 15 of the French Civil Code, a French national (either a company or an individual) can sue a foreign defendant before French courts (Article 14) and can be sued by a foreign claimant before French courts (Article 15). For a long time, case law has interpreted these provisions as meaning that a French national, either claimant or defendant, could not be forced against its will to appear before a jurisdiction other than French courts. However, according to recent case law, the French court's jurisdiction towards French nationals is no longer mandatory to the extent an action has been commenced before a court in a jurisdiction which has sufficient contacts with the litigation and the choice of jurisdiction is not fraudulent. In addition, the French national may waive its rights to benefit from the provisions of Articles 14 and 15 of the French Civil Code.

GENERAL INFORMATION

1. No authorisation procedures are required of the Issuer in the Republic of France in connection with the update of the Programme. However, to the extent that Notes issued under the Programme may constitute *obligations* under French Law, the issue of the Notes was authorised by a resolution of the Board of Directors of DCL dated 16 May 2018.

2. The Issuer is a European Authorised Institution for the purposes of the Financial Conduct Authority.

3. Except as disclosed in this Base Prospectus and any document incorporated by reference herein, DCL is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which DCL is aware) which may have or have had, during the 12 months preceding the date of this Base Prospectus, significant effects on the financial position or profitability of the Issuer.

4. The Notes represented by the Global Certificates have been accepted for clearance through Clearstream, Euroclear and DTC. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream is 42 avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041-0099, United States. The address of any alternative clearing system will be specified in the applicable Pricing Supplement.

5. For so long as any of the Notes remains outstanding, the following documents (including English translations where applicable) will be available during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at (and, in the case of the documents specified in sub-paragraphs (e) and (f), copies may be obtained from) the registered office of the Issuer, the office of the Fiscal Agent and from the offices of the Paying Agents:

   (a) A copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus;

   (b) the Agency Agreement (which includes the form of the Global Certificates and the Certificates), together with any supplement to the Agency Agreement;

   (c) the English and French language versions of the Guarantee;

   (d) the Deed of Covenant;

   (e) the by-laws (*statuts*) of DCL;

   (f) the audited annual accounts of DCL (non-consolidated and consolidated) for the two most recent financial years and the most recent half year financial report including the half year condensed consolidated financial statements of DCL; and

   (g) each Pricing Supplement for Notes listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market or listed on any other stock exchange.

6. DCL's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") regulations and interpretations published and endorsed by the European Community up to the accounting closing and are presented in Euro.

Deloitte & Associés and Mazars, DCL's statutory auditors, have audited, and rendered unqualified audit reports on, DCL's consolidated financial statements of the financial years ended 31 December 2016 and 2017. In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "EUR" or "euro" are to the currency of the participating member states of the European Union which was introduced on 1 January 1999; references to "£", "GBP", "pounds sterling" and "Sterling" are to the lawful currency of the United Kingdom; references to "$", "USD" and "U.S. dollars" are to the lawful currency of the United States; references to "¥", "JPY", "Japanese yen" and "Yen" are to the lawful currency of Japan; references to "CHF" and "Swiss francs" are to the lawful currency of Helvetic Confederation; and references to "CAD" and "Canadian dollars" are to the lawful currency of Canada.

7. This Base Prospectus includes "forward-looking statements". All statements other than statements of historical facts included in this Base Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". These forward-looking statements speak only as of the date of this Base Prospectus.

   The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

8. The Issuer has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the request of such holder, beneficial owner or, prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

9. This Base Prospectus and each Pricing Supplement issued in connection with Notes listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Pricing Supplement issued in respect of any Notes admitted to trading on a stock exchange other than the Regulated Market will be available free of charge at the registered office of the Issuer and from the office of the Paying Agent with a specified office in the city of such stock exchange.

10. The Issuer 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 Notes, prepare a supplement or publish a new base prospectus for use in connection with any subsequent issue of Notes.

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

    In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

12. The LEI for the Issuer is F4G136OIPBYND1F41110.

FORM OF PRICING SUPPLEMENT

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

Pricing Supplement dated [●]

DEXIA CREDIT LOCAL

$20,000,000,000

U.S. Guaranteed Medium Term Note Programme

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

(the "**Programme**")

Series No: [●]
Tranche No: [●]
Issue of [Aggregate Nominal Amount of Tranche][Title of Notes]
under the Programme

Issued by
Dexia Crédit Local

Issue Price: [●] per cent.

Name(s) of Dealer(s)

[●]

[●]

Part A — Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 25 June 2018 [and the Supplement[s] to the Base Prospectus dated [●]]. This document constitutes the Pricing Supplement of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Pricing Supplement and the Base Prospectus [as so supplemented].

The Base Prospectus [and the Supplement[s] to the Base Prospectus] [is] [are] available for viewing during normal business hours at the offices of the Fiscal Agent or each of the Paying Agents.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation; and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date*][Terms used herein shall be deemed to be defined as such for the purposes of the Conditions which are the [2015/2016/2017] Conditions which are incorporated by reference [in the Base Prospectus dated 25 June 2018 [and the Supplement(s) to such Base Prospectus dated [●]]. *This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Base Prospectus [as so supplemented], including the[2015/2016/2017] Conditions incorporated by reference therein*. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Pricing Supplement and the Information Memorandum [as so supplemented].]

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

1.	Issuer:		Dexia Crédit Local
2.	Guarantors:		The Kingdom of Belgium, the Republic of France and the Grand Duchy of Luxembourg
3.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
4.	Date on which the Notes become fungible:		[Not Applicable/ The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series of original notes*] on [*insert* date]] (the "**Consolidation Date**").
5.	Specified Currency or Currencies:		[●][5]
6.	Aggregate Nominal Amount of Notes:		
	[(i)]	Series:	[●]
	[(ii)	Tranche:	[●]]
7.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
8.	(i)	Specified Denominations:	[●]
	(ii)	Calculation Amount:	**[●]**
9.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not applicable]
10.	Maturity Date:		[*Specify date*]
11.	Interest Basis:		[[●] per cent. Fixed Rate] [[specify reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] [Other (*specify*)] (Further particulars specified below)
12.	Redemption/Payment Basis:		[Redemption at par] [Other (*specify*)]
13.	Change of Interest or Redemption/Payment Basis:		[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
14.	Put/Call Options:		[Noteholder Put] [Issuer Call] [(Further particulars specified below)]

[5] The currencies benefitting from the Guarantee are set out in the Guarantee.

15.	(i)	Status of the Notes:	Government Guaranteed Notes, Unsecured and Unsubordinated
	(ii)	Date of the corporate authorisation for issuance of Notes:	Resolution of the [*Conseil d'Administration*,] dated [●] and a decision of [●] dated [●]
16.	Method of distribution:		[Syndicated/Non-syndicated]
Provisions Relating to Interest (if any) Payable			
17.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/ other *(specify)*] in arrear]
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted*]
	(iii)	Fixed Coupon Amount[(s)]:	[[●] per Calculation Amount/Not Applicable]
	(iv)	Broken Amount(s):	[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
	(v)	Day Count Fraction:	[30/360/Actual/Actual(ICMA/ISDA)/*other*]
	(vi)	Determination Dates:	[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]	
		(a) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other (*give details*)]
		(b) Business Centre(s):	[●]
18.	**Floating Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Interest Period(s):	[●]
	(ii)	Specified Interest Payment Dates:	[●][subject to adjustment in accordance with the Business Day Convention set out in (v) below/not subject to any adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]

(iii)	First Specified Interest Payment Date:		**[●]**
(iv)	Interest Period Date:		[●] (Not applicable unless different from Interest Payment Date)
(v)	Business Day Convention:		[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
(vi)	Business Centre(s):		[●]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:		[Screen Rate Determination/ISDA Determination/other (*give details*)]
(viii)	Calculation Agent responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):		[●]
(ix)	Screen Rate Determination:		
	(a)	Reference Rate:	[●]
	(b)	Linear Interpolation:	**[**Applicable/Note Applicable] [If applicable and the Rate of Interest is determined by linear interpolation in respect of an interest accrual period (as per Condition 5(c), insert the relevant interest accrual period(s) and the relevant two rates used for such determination]
	(c)	Interest Determination Date(s):	[●] *[(i) The first day of such Interest Accrual Period if the Specified Currency is sterling, or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro*]
	(d)	Relevant Screen Page:	[●]
	(e)	Reference Banks:	[●]
(x)	ISDA Determination:		
	(a)	Floating Rate Option:	[●]
	(b)	Designated Maturity:	[●]
	(c)	Reset Date:	[●]
	(d)	ISDA Definitions:	2006
(xi)	Margin(s):		[+/-][●] per cent. per annum
(xii)	Minimum Rate of Interest:		[Zero per cent., per annum pursuant to

			Condition 5(b)(iii)][Amend if not applicable]
	(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
	(xiv)	Day Count Fraction:	[●]
	(xv)	Fall-back provisions, rounding provisions, denominator and other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
19.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Amortisation Yield:	[●] per cent., per annum
	(ii)	Day Count Fraction:	[●]
	(iii)	Any other formula/basis of determining amount payable:	[●]
	(iv)	Zero Coupon Early Redemption Amount:	[specify Amortised Face Amount or Zero Coupon Early Redemption Amount where Redemption Amount is variable]
Provisions Relating to Redemption			
20.	**Issuer Call Option**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount
		(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv)	Issuer's Notice Period:	[●][6]
21.	**Noteholder Put Option**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount

[6] As long as the Notes are held in global form, the Issuer's Notice Period must be not less than fifteen and no more than thirty days' irrevocable notice.

	(iii) Noteholders' Notice Period:	[●][7]
22.	**Final Redemption Amount of each Note**	[●] per Calculation Amount
23.	**Early Redemption Amount**	
	(i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[●]/[Not Applicable]
	(ii) Redemption for taxation reasons permitted on days other than Specified Interest Payment Dates:	[Yes/No/Not Applicable]

General Provisions Applicable to the Notes

24.	Form of Notes:	**Registered Notes**: [Restricted Global Certificates ([●] nominal amount) registered in the name of a nominee for DTC] [Unrestricted Global Certificates ([●] nominal amount) registered in the name of a nominee for **[**DTC/a common depositary for Euroclear and Clearstream /a common safekeeper for Euroclear and Clearstream, (that is, held under the NSS)**]]**
25.	Business Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*. *Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iv), 17(iv) and 18(iv) relate*]
26.	Adjusted Payment Date (Condition 5(c)(ii)):	[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 and 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]/[the following business day]/[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]/[the immediately preceding business day]/[other]
27.	Renominalisation and reconventioning	[Not Applicable/The provisions [annexed to

[7] As long as the Notes are held in global form, Noteholders' Notice Period must be not less than ten and no more than fifteen days irrevocable notice.

	provisions:		this Pricing Supplement] apply]
28.	[Consolidation provisions:		[Not Applicable/The provisions [in Condition [●]] apply]
29.	Other terms:		[Not Applicable/*give details*]

Distribution

30.	(i)	If syndicated, names of Dealers:	[Not Applicable/*give names, addresses and the principal amount of Notes to be purchased by each Dealer*]
	(ii)	Date of Subscription Agreement:	[ ]
	(iii)	Stabilising Manager(s) (if any):	[Not Applicable/*give name(s)*]
31.	If non-syndicated, name and address of Dealer:		[Not Applicable/*give name*]
32.	U.S. Selling Restrictions:		[Rule 144A and Reg. S Category 2;]

There are restrictions on the sale and transfer of securities and the distribution of offering materials in the United States. The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") or any state securities laws, and are being offered and sold outside of the United States to persons other than U.S. persons as defined in and in reliance on Regulation S under the Securities Act ("**Regulation S**") and in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) in reliance on, and as defined by, Rule 144A and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Plan of Distribution*" and "*Selling and Transfer Restrictions*" in the Base Prospectus.

[*If the Notes are to be fungible with Rule 144A Notes, consider the U.S. tax implication of original issue discount.*]

33.	Additional selling restrictions:		[Not Applicable/*give details*]

[Purpose of the Pricing Supplement

The terms in this Pricing Supplement comprise the final terms required for the issue [and] [admission to trading on [*specify relevant market*] of the Notes described herein] pursuant to the $20,000,000,000 Guaranteed U.S. Medium Term Note Programme of the Issuer.]

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:

Duly authorised

Part B — Other Information

1. Listing and Admission to Trading

[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange [or specify the relevant regulated market] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange [or specify the relevant regulated market] with effect from [●].] (Where documenting a fungible issue, need to indicate that original securities are already admitted to trading.)

2. Ratings

Applicable

[[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[S & P: [ ]]

[Moody's: [ ]]

[Fitch: [ ]]

[[Other]: [ ]]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)

(Include appropriate Credit Rating Agency Regulation (Regulation (EC) No 1060/2009 as amended) disclosure)

[Insert one (or more) of the following options, as applicable:

[[Insert credit rating agency/ies] [is/are] established in the European Union and [has/have each] applied for registration under Regulation (EC) No 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]

[[Insert credit rating agency/ies] [is/are] established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended)]]

[[Insert credit rating agency/ies] [is/are] not established in the European Union and [has/have each] not applied for registration under Regulation (EC) No 1060/2009 (as amended)]]

Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

3. Interests of Natural and Legal Persons Involved in the [Issue/Offer]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Plan of Distribution"] [Save for any fees paid to the Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]]

4. [Reasons for the Offer, Estimated Issuance Proceeds and Total Expenses]

[(i)]	Reasons for the offer:	[●] (*See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different from repaying and refinancing the existing financing of the Issuer, will need to include those reasons here.*)]
[(ii)]	Estimated issuance proceeds:	[●]
[(iii)]	Estimated total expenses:	[●] [*Include a breakdown of expenses.*]

5. [*Fixed Rate Notes only — Yield*]

Indication of yield:	[●] Calculated as [*include details of method of calculation in summary form*] on the Issue Date. As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. [FOR FLOATING RATE NOTES ONLY]

[*Benchmarks*:	Amounts payable under the Notes will be calculated by reference to [●] which is provided by [●]. As at [●], [●] [appears/does not appear] on the register of administrators

	and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that [●] is not currently required to obtain authorisation or registration.]]

7. Operational Information

For purposes of condition [●], notices to be published in [ ]:	[Yes]/[No]
Restricted Securities:	
CUSIP:	[●]
ISIN Code:	[●]
Common Code:	[●]
CFI:	[[●]/Not Applicable]
FISN:	[[●]/Not Applicable] *(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")*
Unrestricted Securities:	
CUSIP:	[●]
ISIN Code:	[●]
Common Code:	[●]
CFI:	[[●]/Not Applicable]
FISN:	[[●]/Not Applicable] *(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")*
Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*[and address(es)]
Delivery:	Delivery [against/free of] payment

Names and addresses of additional Agent(s) (Fiscal Agent, Issuing Agent, Transfer Agent, Paying Agent, Calculation Agent and Exchange Rate Agent or London Paying Agent, London Transfer Agent and Luxembourg Listing Agent, if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [but only as to the Unrestricted Global Certificate(s)]/[No]/[Not Applicable]. [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*Include this text if "yes" selected*] [Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]
The aggregate principal amount of the Notes issued has been translated into [Euros] at the rate of [*currency*][●] per EUR 1.00, producing a sum of (for Notes not denominated in [Euros]):	[Not applicable/[USD] [●]]
Long Settlement Cycle:	[We expect that delivery of the Notes will be made to investors on or about [ ], which will be the [ ] business day following the Trade Date (such settlement being referred to as "T+[ ]"). Under Rule 15c6-1 under the U.S. Securities Exchange Act of 1934, as amended, trades in the secondary market are

required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+[ ], to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.]

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Morgan Stanley & Co. International plc
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Fiscal Agent, Issuing and Paying Agent, Calculation Agent and Exchange Rate Agent

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Registrar and Luxembourg Transfer Agent

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U.S. Registrar, U.S. Transfer Agent, U.S. Paying Agent

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Mazars
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92075 Courbevoie

Legal Advisers

To Dexia Crédit Local as to English, French and United States law

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52, avenue Hoche
75008 Paris
France

To the Dealers as to English and United States law

White & Case LLP
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75001 Paris
France