



# NRW.BANK

## NRW.BANK

*(incorporated as a public law institution in the Federal Republic of Germany)*  
**as Issuer of Notes and Borrower of Loans**  
*(the Issuer)*

**€ 20,000,000,000**

**Debt Issuance Programme**  
**For the issue of Notes (including Pfandbriefe) and Certificates of**  
**Indebtedness (Schuldscheine) evidencing Loans**  
*(together, the Instruments)*

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange and the Düsseldorf Stock Exchange.

Arrangers

**Citigroup**

**WestLB AG**

Dealers

**ABN AMRO**  
**Citigroup**  
**Deutsche Bank**  
**HSBC**  
**Morgan Stanley**  
**NRW.BANK**  
**The Royal Bank of Scotland**

**Barclays Capital**  
**Credit Suisse First Boston**  
**Dresdner Kleinwort Wasserstein**  
**JPMorgan**  
**Nomura International**  
**SG Corporate & Investment Banking**  
**UBS Investment Bank**

**WestLB AG**

This Offering Circular shall be valid for listing purposes on the Luxembourg and Düsseldorf Stock Exchanges for one year from 14th May, 2004.

NRW.BANK (the **Issuer**, which term shall include NRW.BANK acting in its capacities as issuer of Notes and/or borrower of Loans, as the context requires), having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to itself and the Instruments to be issued or accepted by it which is material in the context of the issue or acceptance of Instruments under the Programme, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that, to the best of its knowledge and belief, there are no other facts the omission of which would, in the context of the issue or acceptance of Instruments under the Programme make any of such information or the expression of any such opinions or intentions misleading in any material respect. The Issuer accepts responsibility accordingly.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference except in the case of Düsseldorf listed Notes (see "*Documents incorporated by Reference*" on page 5). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

This Offering Circular and any supplement will only be valid for issuing and/or listing Notes (including Pfandbriefe) on the Luxembourg Stock Exchange and/or the Düsseldorf Stock Exchange in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes (including Pfandbriefe) and Loans previously or simultaneously issued or accepted under the Programme, does not exceed €20,000,000,000 or its equivalent in other currencies, as provided in the Programme Agreement (as defined below).

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer. The Dealers do not accept any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme 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.

Neither this Offering Circular nor any other information supplied in connection with the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme should purchase any Instruments. Each investor contemplating purchasing any Instruments should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of any of the Issuer or the Dealers to any person to subscribe for or to purchase any Instruments.

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent documents incorporated by reference into this Offering Circular (if appropriate) when deciding whether or not to purchase any Instruments.

The Issuer has given an undertaking in connection with the listing of the Notes (including Pfandbriefe) on the Luxembourg Stock Exchange to the effect that, so long as any Note (including Pfandbriefe) remains outstanding and listed on such exchange, in the event of any adverse change in the financial condition of the Issuer which is material in the context of the Programme and which is not reflected in the Offering Circular the Issuer will prepare a further supplement to the Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes (including Pfandbriefe) to be listed on the Luxembourg Stock Exchange. If the terms of the Programme are modified or amended in a manner which would make the Offering Circular, as supplemented, inaccurate or misleading, a new Offering Circular will be prepared.

The distribution of this Offering Circular and the offer or sale of Instruments may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular or any Notes (including *Pfandbriefe*) or any Certificates of Indebtedness relating to Loans come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Instruments in the United States of America, the United Kingdom, Japan, the Federal Republic of Germany (Germany), The Netherlands and the Republic of France (France) (see the section entitled "*Subscription and Sale*").

In particular, the Instruments have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and the Instruments are subject to U.S. tax law requirements. Subject to certain exceptions, Instruments may not be offered, sold or delivered within the United States of America or to U.S. persons (see the section entitled "*Subscription and Sale*").

All references in this document to **U.S. dollars**, **U.S.\$** and **\$** refer to the currency of the United States of America, those to **Sterling** and **£** refer to the currency of the United Kingdom, those to **Japanese Yen** and **¥** refer to the currency of Japan, those to **DEM** refer to the former currency of Germany and those to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

**In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as Stabilising Manager in the applicable Pricing Supplement or any person acting for him may conduct activities (including over-allotment) to support the stock exchange or market price of such Notes and/or any associated securities in order to balance short-term downward price movements of the Notes of the Series (as defined below) of which such Tranche forms a part at a higher level than that which might otherwise prevail for a limited period (the "Stabilisation Period"), at the risk that the stock exchange or market price of the Notes might be kept at an artificial level during the Stabilisation Period or during a certain period of time thereafter. However, there may be no obligation on the Stabilising Manager or any agent of his to do this. Such stabilising shall only be conducted upon announcement of the offer of the Notes and, if commenced, may be discontinued at any time and must in any event be brought to an end on the earlier of the following dates: (i) the 30th calendar day after receipt by the Issuer of the proceeds of the issue of the Notes, and (ii) the 60th calendar day after the allotment of the Notes. Such stabilising shall be in compliance with all laws, regulations and rules of any relevant jurisdiction.**

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## Documents Incorporated by Reference

With respect to the issue or acceptance of Instruments (other than Notes to be listed on the Düsseldorf Stock Exchange), the most recently published audited annual accounts including the auditors' reports thereon where relevant of the Issuer shall be deemed to be incorporated in this Offering Circular by reference, together with each supplement to this Offering Circular prepared by the Issuer and expressed to be incorporated by reference in this Offering Circular and such other information concerning the Issuer as would be required to be disclosed in this Offering Circular and is delivered to the Dealers and the Paying Agents for such purpose. The annual accounts of the Issuer as well as the respective audit reports for the financial year ended 31st December, 2003 will be available free of charge from the office of the Issuer and each Paying Agent set out at the end of this Offering Circular.

The Issuer's published audited annual accounts and the auditors' report on the published audited annual accounts for the financial year ended 31st December, 2003 have been given in the German language. Any version of any of the above-mentioned accounts and auditors' reports in the English language are non-binding translations of the German originals.

Any statement contained herein or in a document incorporated herein by reference shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in any subsequent document which is also incorporated herein by reference or that is a supplement hereto, modifies or supersedes such a statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

This Offering Circular, together with each Pricing Supplement issued in respect of each Tranche of Notes, may only be used in connection with the offer, sale and listing of Notes (when added to the aggregate principal amount of outstanding Notes (including Pfandbriefe) and Loans) in an aggregate principal amount of not more than €20,000,000,000 (or its equivalent in other currencies at the date of issue) outstanding at any time. References herein to this "Offering Circular" shall include each document incorporated by reference and any relevant Pricing Supplement.

## Summary of the Programme

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular. The Notes (including Pfandbriefe) may be issued and Loans may be entered into on such terms as may be agreed between the relevant Dealer(s) and the Issuer and the Notes (including Pfandbriefe) and Loans, unless specified to the contrary in the applicable Pricing Supplement, will be subject to the relevant Terms and Conditions of the Instruments set out on pages 25 to 81.

<b>Issuer of Notes and Borrower of Loans:</b>	NRW.BANK
<b>Description:</b>	Debt Issuance Programme (the <b>Programme</b> ) for the issuance of Notes (including Pfandbriefe) and Loans. Notes (other than Pfandbriefe) and Loans may be issued on an unsubordinated or a subordinated basis.
<b>Arrangers:</b>	Citigroup Global Markets Limited WestLB AG
<b>Dealers:</b>	ABN AMRO Bank N.V. Barclays Bank PLC Citigroup Global Markets Limited Credit Suisse First Boston (Europe) Limited Deutsche Bank Aktiengesellschaft Dresdner Bank Aktiengesellschaft HSBC Bank plc J.P. Morgan Securities Ltd. Morgan Stanley & Co. International Limited Nomura International plc. NRW.BANK Société Générale The Royal Bank of Scotland plc UBS Limited WestLB AG

and any other Dealer appointed from time to time by the Issuers.

The name(s) of the Dealer(s) for each Tranche will be stated in the relevant Pricing Supplement.

<b>Certain Restrictions:</b>	Each issue of Instruments denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Offering Circular.
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### **Notes having a maturity of less than one year**

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*". The Issuer intends to apply to become recognised as an authorised person for the purposes of the FSMA.

<b>Fiscal Agent in relation to the Notes:</b>	Citibank, N.A.
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<b>Registrar in relation to Registered Notes:</b>	Citibank, N.A.
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<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a non-syndicated or a syndicated basis. The method of distribution of each Tranche of Notes will be stated in the relevant Pricing Supplement.  Loans will be distributed by way of private placement.
<b>Programme Size:</b>	Up to €20,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) aggregate principal amount (or, in the case of Notes issued at a discount, their amortised face amount) of Instruments outstanding at any time. The Issuer will have the option at any time to increase the amount of the Programme, subject to the provision of such conditions precedent (including the preparation of a supplement to this Offering Circular or a new Offering Circular) as the Dealers or the relevant Stock Exchange may reasonably request.
<b>Currencies:</b>	Subject to compliance with all relevant laws, regulations and directives, Instruments may be issued in such currencies as the Issuer and the relevant Dealer(s) may agree from time to time.
<b>Redenomination:</b>	The applicable Pricing Supplement may provide that certain Instruments may be redenominated in euro. The relevant provisions applicable to any such redenomination will be contained in the applicable Pricing Supplement.
<b>Denomination:</b>	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see " <i>Certain Restrictions – Notes having a maturity of less than one year</i> " above).  Loans will be in such denominations as shall be agreed between the Borrower and the relevant Dealer(s).
<b>Maturities:</b>	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price:</b>	Notes may be issued on a fully-paid or a partly-paid basis and Notes and Loans may be issued at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes (including Pfandbriefe):</b>	The Notes will be issued in bearer or registered form.  <i>Bearer Notes:</i>  Each Tranche of Notes (including <i>Pfandbriefe</i> ) for which the applicable Pricing Supplement specifies TEFRA D will initially be represented by a Temporary Global Note and each Tranche of Notes (including <i>Pfandbriefe</i> ) for which the applicable Pricing Supplement specifies TEFRA C will initially be represented by a Permanent Global Note, which will be deposited (a) in the case of a Tranche intended to be cleared through CBF and/or Euroclear and/or CBL, on or prior to the Issue Date with CBF or a common depository on behalf of the Clearing System(s) or (b) in the case of a Tranche intended to be cleared through a clearing system other than CBF, Euroclear or CBL or delivered outside a clearing system, as agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s). While any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a

form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by CBF and/or Euroclear and/or CBL and CBF and/or Euroclear and/or CBL as applicable, has given a like certification (based on the certifications it has received) to the Fiscal Agent. Interests in Temporary Global Notes will be exchangeable for interests in Permanent Global Notes or, if so stated in the relevant Pricing Supplement, for definitive Notes in bearer or registered form, in the case of Notes in bearer form after the date falling 40 days after the Issue Date (the **Exchange Date**) unless otherwise permitted, upon certification as to non-U.S. beneficial ownership as described above.

*Registered Notes:*

The Issuer anticipates that Notes in registered form will be privately placed on a non-syndicated basis with professional investors only. Any issue will regularly be evidenced by a single Note, the terms and conditions of which will generally be constituted by the Terms and Conditions of the Instruments as completed, modified or supplemented by the provisions of the Pricing Supplement applicable to the issue, and the Terms and Conditions of the Instruments and the Pricing Supplement will be attached to the relevant Note. The Terms and Conditions of the Instruments will be either in the German or the English language, as may be agreed between the Issuer and the relevant Dealer.

*Pfandbriefe:*

Notes in the form of Pfandbriefe will be issued as Public Sector Pfandbriefe (*Öffentliche Pfandbriefe*).

Public Sector Pfandbriefe constitute recourse obligations of the Issuer. They are secured or "covered" by public loans, the sufficiency of which is determined by the Act Concerning Pfandbriefe and Related Bonds of Public Law Credit Institutions. See the section entitled "*Pfandbriefe*" below.

**Form of Loans:**

Loans will be evidenced by Certificates of Indebtedness to which the applicable Pricing Supplement will be attached. Rights under Loans may be transferred in whole or in part by executing an assignment in the form provided on the reverse of the Certificate of Indebtedness. Any assignment must be notified to the Issuer in writing.

**Fixed Rate Instruments:**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as specified in the applicable Pricing Supplement) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as specified in the applicable Pricing Supplement).

**Floating Rate Instruments:**

Floating Rate Instruments will bear interest at a rate determined (i) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or (ii) on such other basis as may be specified in the applicable Pricing Supplement, as adjusted for any applicable margin. Interest Period(s), Interest Payment Date(s), Day Count Fraction(s) and methods of calculation of interest will be specified in the applicable Pricing Supplement. Floating Rate Instruments may have a maximum interest rate, a minimum interest rate or both.

**Index – Linked Instruments:**

Payments in respect of interest on Index-Linked Instruments or in respect of principal on Indexed Redemption Amount Instruments will be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer(s) may agree (as specified in the applicable Pricing Supplement). Each issue of Index-Linked Instruments will be made in compliance with all applicable legal and/or regulatory requirements, including, where relevant, the provisions of German law regarding the indexation of debt obligations.



<b>Dual Currency Instruments:</b>	Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Dual Currency Instruments will be made in such currency or currencies, and based on such rate or rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as specified in the applicable Pricing Supplement).
<b>Zero Coupon Instruments:</b>	Zero Coupon Instruments may be issued at their principal amount or at a discount to it and will not bear interest (other than in the case of late payment).
<b>Credit-Linked Instruments:</b>	<p>Credit-Linked Instruments relating to (an) underlying asset(s) may be issued on terms and conditions specified in the applicable Pricing Supplement. A supplement to this Offering Circular incorporating the applicable Pricing Supplement will be prepared for all Luxembourg listed Credit-Linked Instruments and a copy lodged with the Luxembourg Stock Exchange.</p> <p>Credit-Linked Instruments will not be listed on the Düsseldorf Stock Exchange.</p>
<b>Other Structured Notes and Loans:</b>	<p>Notes and Loans may also have any other structure as the Issuer and the relevant Dealer may agree, as set out in the relevant Pricing Supplement.</p> <p>Other structured Notes will not be listed on the Düsseldorf Stock Exchange.</p>
<b>Redemption:</b>	<p>The Pricing Supplement relating to each Instrument will indicate either that the Instrument cannot be redeemed prior to its stated maturity (other than in specified instalments (see below), if applicable or (unless otherwise specified in the applicable Pricing Supplement) for taxation reasons or following an Event of Default) or that such Instrument will be redeemable at the option of the Issuer and/or (in the case of unsubordinated Notes only) the Holders and/or (in the case of unsubordinated Loans only) the Creditors, as the case may be, upon giving such notice period (if any) as is indicated in the applicable Pricing Supplement to the Holders or the Issuer or the Creditor or to the Borrower on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement. See the Terms and Conditions of the Instruments for further details.</p> <p>The Pricing Supplement may provide that the Notes or Loans may be repayable in two or more instalments of such amounts and on such dates as indicated in the applicable Pricing Supplement.</p> <p>Pfandbriefe will not be subject to early redemption for reasons of taxation, as described in the Terms and Conditions of the Notes.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "<i>Certain Restrictions – Notes with a maturity of less than one year</i>" above. The Issuer intends to apply to become recognised as an authorised person for the purposes of the FSMA.</p>
<b>Taxation:</b>	All payments of principal and interest in respect of the Instruments will be made free and clear of withholding taxes of Germany, subject to customary exceptions, all as described in the Terms and Conditions of the Instruments. Other than in respect of Pfandbriefe, in the circumstances described in the Terms and Conditions of the Instruments, the Issuer will be required to pay Additional Amounts to the Holders or Creditors (as the case may be) upon the imposition of certain taxes. No such Additional Amounts will be payable in such circumstances in connection with Pfandbriefe.
<b>Status of Instruments:</b>	The unsubordinated Notes and unsubordinated Loans and (in the case of unsubordinated Notes, the Receipts and the Coupons related to unsubordinated Notes, if any) will be direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and <i>pari passu</i> with all other unsecured and unsub-

ordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.

The subordinated Notes and subordinated Loans (and in the case of subordinated Notes, the Receipts and the Coupons related to subordinated Notes, if any) will be direct, unconditional, unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and subordinated present or future obligations of the Issuer.

In the event of the liquidation, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, the obligations of the Issuer under the Instruments will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Issuer shall have been satisfied in full. No holder of an Instrument may set off his claims arising under the Instruments against any claims of the Issuer. No contractual security of whatever kind will be provided by the Issuer or any other person securing rights of the Holders or Creditors (as the case may be) under the Instruments. Any such contractual security that, notwithstanding the aforementioned, has been provided in the past or will be provided in the future by the Issuer or any third party shall not secure the claims arising from the Instruments. No subsequent agreement may limit the subordination or amend the Maturity Date in respect of the Instruments to any earlier date or shorten any applicable notice period (*Kündigungsfrist*). If Instruments are redeemed before their Maturity Date otherwise than in the circumstances so described or as a result of an early redemption for reasons of taxation or repurchased by the Issuer otherwise than in accordance with the provisions of § 10 paragraph 5a sentence 6 of the German Banking Act (*Gesetz über das Kreditwesen*), then the amounts redeemed or paid will be returned to the Issuer irrespective of any agreement to the contrary unless the amounts paid have been replaced by other liable capital (*haftendes Eigenkapital*) of at least equal status within the meaning of the German Banking Act, or the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) has consented to such redemption or repurchase.

<b>Negative Pledge:</b>	None.
<b>Cross Default:</b>	None.
<b>Events of Default:</b>	<p>The Senior Instruments will provide for Events of Default (with the exception of a Cross Default).</p> <p>The Subordinated Instruments will not provide for any events of default.</p>
<b>Rating:</b>	Notes issued and Loans entered into under the Programme may be rated or unrated. Where an issue of Notes or a Loan is rated, its rating will not necessarily be the same as the rating applicable to the Issuer. A rating is not a recommendation to buy, sell or hold Notes or to enter into Loans and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
<b>Listing:</b>	<p>Application has been made to list Notes on the Luxembourg Stock Exchange and the Düsseldorf Stock Exchange. Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), as specified in the relevant Pricing Supplement. A Series of Notes need not be listed on any stock exchange. Registered Notes will not be listed on any stock exchange.</p> <p>Loans will not be listed on any stock exchange.</p>
<b>Governing Law:</b>	The Instruments and all other documentation relating to the Programme are governed by German law.

**Selling Restrictions:**

There will be specific restrictions on the offer, sale and transfer of Instruments and the distribution of offering materials in the United States of America, the United Kingdom, Japan, Germany, The Netherlands and France and such other restrictions as may be required under applicable laws in connection with the offering and sale of Instruments. Each Instrument denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply, will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See the section entitled "*Subscription and Sale*" below.

**Plan of Performance and Jurisdiction:**

Place of performance and jurisdiction is Düsseldorf.

# Issue Procedures

## General

The Issuer and the relevant Dealer(s) will agree on the terms and conditions applicable to each particular Tranche of Instruments (the **Conditions**). The Pricing Supplement relating to each particular Tranche of Instruments will specify whether these Conditions are to be Long-Form Conditions or Integrated Conditions (each as described below).

As to whether Long-Form Conditions or Integrated Conditions will apply, the Issuer anticipates that:

- Long-Form Conditions will generally be used for (i) Notes sold on a non-syndicated basis and which are not publicly offered and (ii) Loans distributed by way of private placement.
- Integrated Conditions will generally be used for Notes sold and distributed on a syndicated basis. Integrated Conditions will be required where the Notes are to be publicly offered, in whole or in part, or are to be distributed, in whole or in part, to non-professional investors.

The prevailing language of the relevant Conditions will be specified in the applicable Pricing Supplement.

## Long-Form Conditions

If the Pricing Supplement specifies that Long-Form Conditions are to apply to the Instruments, the provisions of the applicable Pricing Supplement and the Terms and Conditions, taken together, shall constitute the Conditions. Such Conditions will be constituted as follows:

- the blanks in the provisions of the Terms and Conditions which are applicable to the Instruments will be deemed to be completed by the information contained in the Pricing Supplement as if such information were inserted in the blanks of such provisions;
- the Terms and Conditions will be modified, supplemented or replaced by the text of any provisions of the Pricing Supplement modifying, supplementing or replacing, in whole or in part, the provisions of the Terms and Conditions;
- alternative or optional provisions of the Terms and Conditions as to which the corresponding provisions of the Pricing Supplement are not completed or are deleted will be deemed to be deleted from the Conditions; and
- all instructions and explanatory notes set out in square brackets in the Terms and Conditions and any footnotes and explanatory text in the Pricing Supplement will be deemed to be deleted from the Conditions.

Where Long-Form Conditions apply, each Global Note representing the Notes of the relevant Series will have the Pricing Supplement and the Terms and Conditions attached. Where a Certificate of Indebtedness or Definitive Notes are delivered in respect of Loans or Notes, as the case may be, they will have endorsed thereon either (i) the Pricing Supplement and the Terms and Conditions in full, or (ii) the Pricing Supplement and the Terms and Conditions in a form simplified by the deletion of non-applicable provisions, or (iii) Integrated Conditions, as the Issuer may determine.

## Integrated Conditions

If the Pricing Supplement specifies that Integrated Conditions are to apply to the Instruments, the Conditions in respect of such Instruments will be constituted as follows:

- all of the blanks in all applicable provisions of the Terms and Conditions will be completed according to the information contained in the Pricing Supplement and all non-applicable provisions of the Terms and Conditions (including the instructions and explanatory notes set out in square brackets) will be deleted; and/or
- the Terms and Conditions will be otherwise modified, supplemented or replaced, in whole or in part, according to the information set forth in the Pricing Supplement.

Where Integrated Conditions apply, the Integrated Conditions alone will constitute the Conditions. The Integrated Conditions will be attached to each Global Note or Certificate of Indebtedness representing Notes or Loans, as the case may be, of the relevant Series and will be endorsed on any Definitive Notes exchanged for any such Global Note.

# Muster – Konditionenblatt (Form of Pricing Supplement)

## Konditionenblatt *Pricing Supplement*

[Datum]  
*[Date]*

[Bezeichnung [der betreffenden Tranche der Schuldverschreibungen] [des Schuldscheindarlehens]]  
begeben aufgrund des

*[Title of [relevant Tranche of Notes] [the Loan]]*  
*issued pursuant to the*

**€ 20,000,000,000**  
**Debt Issuance Programme**

der  
*of*

**NRW.BANK**

(die „Emittentin“)  
*(the “Issuer”)*

Nominalwert: [     ] ]  
*Nominal Value: [     ] ]*

Ausgabepreis: [     ] %<sup>1</sup>  
*Issue Price: [     ] per cent.*

Tag der Begebung: [     ] ]<sup>2</sup>  
*Issue Date: [     ] ]*

Serien-Nr.: [     ] ]  
*Series No.: [     ] ]*

Nettoerlös: [     ] ] (abzüglich eines Betrags für Kosten)<sup>3</sup>  
*Net proceeds: [     ] ] (less an amount to account for expenses)*

<sup>1</sup> Auszufüllen für alle Schuldverschreibungen/Schuldscheindarlehen.  
*To be completed for all Notes/Loans.*

<sup>2</sup> Der Tag der Begebung ist der Tag, an dem die Schuldverschreibungen/Schuldscheindarlehen begeben und bezahlt werden. Bei freier Lieferung ist der Tag der Begebung der Tag der Lieferung.  
*The Issue Date is the date of payment and settlement of the Notes/Loans. In the case of free delivery, the Issue Date is the delivery date.*

<sup>3</sup> Nur für börsennotierte Emissionen erforderlich. Ausgabepreis abzüglich Management- und Übernahmeprovision sowie Verkaufsprovision.  
*Required only for listed issues. Issue Price less Management and Underwriting Commission and Selling Concession.*

Dieses Konditionenblatt vom [ ] enthält Angaben zur Emission [von Schuldverschreibungen] [eines Schuldscheindarlehens] unter dem €20,000,000,000 Debt Issuance Programme der NRW.BANK (das „Programm“) und ist in Verbindung mit den [Emissionsbedingungen] [Darlehensbedingungen] zu lesen, die in der jeweils geltenden Fassung des Offering Circular vom [ ]<sup>4</sup> [14. Mai 2004] über das Programm enthalten sind. Begriffe, die in den [Emissionsbedingungen] [Darlehensbedingungen] definiert sind, haben, falls das Konditionenblatt nicht etwas anderes bestimmt, die gleiche Bedeutung, wenn sie in diesem Konditionenblatt verwendet werden. [Mit Ausnahme der Emissionsbedingungen ist dieses Konditionenblatt in Verbindung mit dem Offering Circular vom 14. Mai 2004 zu lesen.]<sup>5</sup>

*The Pricing Supplement is dated [ ] and issued to give details of an issue of [Notes] [a Loan] under the €20,000,000,000 Debt Issuance Programme of NRW.BANK (the “Programme”) and is to be read in conjunction with the Terms and Conditions of the [Notes] [Loans] set forth in the Offering Circular dated [ ]<sup>4</sup> [14th May, 2004] pertaining to the Programme, as the same may be amended or supplemented from time to time. Capitalised terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions of the [Notes] [Loans]. [Save in respect of the Terms and Conditions of the Notes this Pricing Supplement is to be read in conjunction with the Offering Circular dated 14th May, 2004].<sup>5</sup>*

Bezugnahmen in diesem Konditionenblatt auf Paragraphen und Absätze beziehen sich auf die Paragraphen und Absätze der [Emissionsbedingungen] [Darlehensbedingungen].

*All references in this Pricing Supplement to numbered Articles and sections are to Articles and sections of the Terms and Conditions of the [Notes] [Loans].*

[Sämtliche Bestimmungen der [Emissionsbedingungen] [Darlehensbedingungen], die sich auf Variablen dieses Konditionenblatts beziehen und die weder angekreuzt noch ausgefüllt werden oder die gestrichen werden, gelten in den [Emissionsbedingungen] [Darlehensbedingungen], die auf [die Schuldverschreibungen] [das Schuldscheindarlehen] anwendbar sind (die „Bedingungen“), als gestrichen.

*All provisions in the Terms and Conditions of the [Notes] [Loans] corresponding to items in this Pricing Supplement which are either not selected or completed or which are deleted shall be deemed to be deleted from the Terms and Conditions of the [Notes] [Loans] applicable to the [Notes] [Loan] (the “Conditions”).<sup>6</sup>*

[Die für die Schuldverschreibungen geltenden Emissionsbedingungen (die „Bedingungen“) sowie eine etwaige deutsch- oder englischsprachige Übersetzung sind diesem Konditionenblatt beigelegt. Die Bedingungen ersetzen in Gänze die im Offering Circular vom [ ] abgedruckten Emissionsbedingungen und gehen etwaigen abweichenden Bestimmungen dieses Konditionsblatts vor.

*The Terms and Conditions of the Notes applicable to the Notes (the “Conditions”) and the German or English language translation thereof, if any, are attached to this Pricing Supplement and replace in full the Terms and Conditions of the Notes as set out in the Offering Circular dated [ ] and take precedence over any conflicting provisions in this Pricing Supplement.<sup>7</sup>*

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<sup>4</sup> Wenn es sich bei der aktuellen Emission von Schuldverschreibungen um die Aufstockung einer Emission handelt, die in Verbindung mit einem früheren Offering Circular begeben wurde, ist hier das Datum dieses früheren Offering Circular einzusetzen.

*If this issue of Notes increases an existing issue which was issued under an Offering Circular with an earlier date, insert date of this earlier Offering Circular here.*

<sup>5</sup> Nur verwenden, wenn es sich bei der aktuellen Emission von Schuldverschreibungen um die Aufstockung einer Emission handelt, die in Verbindung mit einem früher geltenden Offering Circular begeben wurde.

*Use only if this issue increases an issue which was issued under an Offering Circular with an earlier date.*

<sup>6</sup> Im Fall von nicht-konsolidierten Bedingungen einzufügen.

*To be inserted in the case of Long-Form Conditions.*

<sup>7</sup> Im Fall von konsolidierten Bedingungen einzufügen.

*To be inserted in the case of Integrated Conditions.*

**Form der Bedingungen<sup>8</sup>**  
**Forms of Conditions**

- Nicht-konsolidierte Bedingungen (bei Namensschuldverschreibungen: wenn die Emissionsbedingungen und das Konditionenblatt der jeweiligen Schuldverschreibung beigefügt werden sollen)

*Long-Form (in the case of Registered Notes: if the Terms and Conditions of the Notes and the Pricing Supplement are to be attached to the relevant Note)*

- Konsolidierte Bedingungen (bei Namensschuldverschreibungen: wenn die Emissionsbedingungen der jeweiligen Schuldverschreibung beigefügt werden sollen)

*Integrated (in the case of Registered Notes: if the Terms and Conditions of the Notes are to be attached to the relevant Note)*

**Sprache der Bedingungen<sup>9</sup>**  
**Language of Conditions**

- ausschließlich Deutsch  
*German only*
- ausschließlich Englisch  
*English only*
- Deutsch und Englisch (deutscher Text maßgeblich)  
*German and English (German prevailing)*
- Deutsch und Englisch (englischer Text maßgeblich)  
*German and English (English prevailing)*

**WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN (§ 1)**  
**CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS (§ 1)**

**Währung und Stückelung**  
**Currency and Denomination**

Festgelegte Währung [ ]  
*Specified Currency*

Gesamtnennbetrag<sup>10</sup> [ ]  
*Aggregate Principal Amount*

Festgelegte Stückelung / Stückelungen<sup>11</sup> [ ]  
*Specified Denomination(s)*

Zahl der in jeder festgelegten Stückelung auszugebenden Schuldverschreibungen<sup>12</sup> [ ]  
*Number of Notes to be issued in each Specified Denomination*

<sup>8</sup> Die Form der Bedingungen ist in Abstimmung mit der Emittentin festzulegen. Es ist vorgesehen, dass nicht-konsolidierte Bedingungen für Inhaberschuldverschreibungen, die auf nicht syndizierter Basis verkauft und die nicht öffentlich zum Verkauf angeboten werden, sowie für Schuldscheindarlehen verwendet werden. Konsolidierte Bedingungen werden in der Regel für Inhaberschuldverschreibungen verwendet, die auf syndizierter Basis verkauft und vertrieben werden. Konsolidierte Bedingungen sind erforderlich, wenn die Schuldverschreibungen/Schuldscheindarlehen insgesamt oder teilweise an nicht berufsmäßige oder gewerbliche Investoren verkauft oder öffentlich angeboten werden.

*To be determined in consultation with the Issuer. It is anticipated that Long-Form Conditions will generally be used for Notes in bearer form sold on a non-syndicated basis and which are not publicly offered and Loans distributed by way of private placement. Integrated Conditions will generally be used for Notes in bearer form sold and distributed on a syndicated basis. Integrated Conditions will be required where the Notes/Loans are to be publicly offered, in whole or in part, or to be distributed, in whole or in part, to non-professional investors.*

<sup>9</sup> In Abstimmung mit der Emittentin festzulegen.  
*To be determined in consultation with the Issuer.*

<sup>10</sup> Nicht auszufüllen für Schuldscheindarlehen.  
*Not to be completed for Loans.*

<sup>11</sup> Nicht auszufüllen für Schuldscheindarlehen.  
*Not to be completed for Loans.*

<sup>12</sup> Nicht auszufüllen für Namensschuldverschreibungen oder Schuldscheindarlehen.  
*Not to be completed for Registered Notes or Loans.*

**Inhaberschuldverschreibungen/Namensschuldverschreibungen/Inhaberpfandbriefe/  
Namenspfandbriefe/Schuldscheindarlehen/Sonstige Struktur**  
**Bearer Notes/Registered Notes/Bearer Pfandbriefe/Registered Pfandbriefe/Loan/Other Structure**

- Inhaberschuldverschreibungen  
*Bearer Notes*
- Inhaberpfandbriefe (Öffentliche Pfandbriefe)  
*Bearer Pfandbriefe (Public Sector Pfandbriefe)*
- Namensschuldverschreibungen  
*Registered Notes*
- Mindestnennbetrag für Übertragungen (angeben) [ ]  
*Minimum Principal Amount for Transfers (specify)*
- Namenspfandbriefe (Öffentliche Pfandbriefe)  
*Registered Pfandbriefe (Public Sector Pfandbriefe)*
- Mindestnennbetrag für Übertragungen (angeben) [ ]  
*Minimum Principal Amount for Transfers (specify)*
- Schuldscheindarlehen  
*Loan*
- Nennbetrag des Schuldscheindarlehens (angeben) [ ]  
*Principal Amount of Loan (specify)*
- Mindestnennbetrag für Übertragungen (angeben) [ ]  
*Minimum Principal Amount for Transfers (specify)*
- Sonstige Struktur (angeben) [ ]  
*Other Structure (specify)*
- TEFRA C<sup>13</sup>**  
**TEFRA C**
- Dauerglobalurkunde  
*Permanent Global Note*
- Vorläufige Globalurkunde austauschbar gegen Einzelurkunden  
*Temporary Global Note exchangeable for Definitive Notes*
- TEFRA D<sup>14</sup>**  
**TEFRA D**
- Vorläufige Globalurkunde austauschbar gegen:  
*Temporary Global Note exchangeable for:*
- Dauerglobalurkunde  
*Permanent Global Note*
- Einzelurkunden  
*Definitive Notes*
- Weder TEFRA D noch TEFRA C<sup>15</sup>**  
**Neither TEFRA D nor TEFRA C**
- Dauerglobalurkunde  
*Permanent Global Note*
- Vorläufige Globalurkunde austauschbar gegen Einzelurkunden  
*Temporary Global Note exchangeable for Definitive Notes*

<sup>13</sup> Nicht auszufüllen für Namensschuldverschreibungen oder Schuldscheindarlehen. Siehe auch „Verkaufsbeschränkungen“.

<sup>14</sup> Nicht auszufüllen für Namensschuldverschreibungen oder Schuldscheindarlehen.  
*Not to be completed for Registered Notes or Loans. See also "Selling Restrictions".*

<sup>15</sup> Nicht auszufüllen für Namensschuldverschreibungen oder Schuldscheindarlehen. Nur anwendbar bei Schuldverschreibungen mit einer ursprünglichen Laufzeit von einem Jahr oder weniger.  
*Not to be completed for Registered Notes or Loans. Applicable only if Notes have an initial maturity of one year or less.*



**Einzelkunden<sup>16</sup>**  
**Definitive Notes**

[Ja/Nein]  
[Yes/No]

- Zinsscheine  
*Coupons*
- Talons  
*Talons*
- Rückzahlungsscheine  
*Receipts*

**Definitionen**  
**Certain Definitions**

**Clearing System<sup>16</sup>**

- Clearstream Banking AG, Frankfurt
- Euroclear Bank S.A./N.V. (Euroclear Operator)
- Clearstream Banking, société anonyme, Luxembourg
- Sonstige (angeben)  
*Other (specify)*

[ ]

**Berechnungsstelle**  
**Calculation Agent**

[Ja/Nein]  
[Yes/No]

- Emissionsstelle  
*Fiscal Agent*
- Sonstige (angeben)  
*Other (specify)*

[ ]

**STATUS (§ 2)<sup>17</sup>**  
**STATUS (§ 2)**

- Nicht-nachrangig  
*Unsubordinated*
- Nachrangig  
*Subordinated*

**[ZINSEN][INDEXIERUNG] (§ 3)**  
**[INTEREST] [INDEXATION] (§ 3)**

- Festverzinsliche(s) Schuldverschreibungen/Schuldscheindarlehen**  
**Fixed Rate Notes/Loan**
- Zinssatz und Zinszahlungstage**  
**Rate of Interest and Interest Payment Dates**

Zinssatz  
*Rate of Interest*

[ ] % per annum  
[ ] per cent. per annum

Verzinsungsbeginn  
*Interest Commencement Date*

[ ]

Festzinstermine(e)  
*Fixed Interest Date(s)*

[ ]

Erster Zinszahlungstag  
*First Interest Payment Date*

[ ]

Anfängliche(r) Bruchteilzinsbetrag (-beträge)  
(für jede festgelegte Stückelung)  
*Initial Broken Amount(s) (per Specified Denomination)*

[ ]

<sup>16</sup> Nicht auszufüllen für Namensschuldverschreibungen oder Schuldscheindarlehen.  
*Not to be completed for Registered Notes or Loans.*

<sup>17</sup> Nicht auszufüllen für Pfandbriefe.  
*Not to be completed for Pfandbriefe.*

- Festzinsttermin, der dem Fälligkeitstag vorangeht  
*Fixed Interest Date preceding the Maturity Date* [ ]
- Abschließende(r) Bruchteilzinsbetrag (-beträge)  
(für jede festgelegte Stückelung)  
*Final Broken Amount(s) (per Specified Denomination)* [ ]
- Feststellungstermin(e)<sup>18</sup>  
*Determination Date(s)* [ ] in jedem Jahr  
[ ] in each year

**Variabel verzinsliche(s) Schuldverschreibungen/Schuldscheindarlehen**  
***Floating Rate Notes/Loan***

**Zinszahlungstage**  
***Interest Payment Dates***

- Verzinsungsbeginn  
*Interest Commencement Date* [ ]
- Festgelegte Zinszahlungstage  
*Specified Interest Payment Dates* [ ]
- Festgelegte Zinsperiode(n)  
*Specified Interest Period(s)* [ ] [Wochen/Monate/  
andere – angeben]  
[ ] [weeks/months/  
other – specify]

**Geschäftstagskonvention**  
***Business Day Convention***

- Modifizierte folgender Geschäftstag-Konvention  
*Modified Following Business Day Convention*
- FRN Konvention (Zeitraum angeben)  
*FRN Convention (specify period(s))* [ ] [Wochen/Monate/  
andere – angeben]  
[ ] [weeks/months/  
other – specify]
- Folgender Geschäftstag-Konvention  
*Following Business Day Convention*
- Vorangegangener Geschäftstag-Konvention  
*Preceding Business Day Convention*
- Sonstiges (angeben)  
*Other (specify)* [ ]

**Relevante Finanzzentren**  
***Relevant Financial Centres*** [ ]

**Zinssatz**  
***Rate of Interest***

- Bildschirmfeststellung  
*Screen Rate Determination*
- EURIBOR (Brüsseler Ortszeit/TARGET-Geschäftstag/  
Interbanken-Markt in der Euro-Zone)  
*EURIBOR (Brussels time/TARGET Business Day/  
Interbank market in the Euro-zone)*  
Bildschirmseite  
*Screen page* [ ]

<sup>18</sup> Einzusetzen sind die festen Zinstermine, wobei im Falle eines langen oder kurzen ersten bzw. letzten Zinsscheins der Tag der Begebung bzw. der Fälligkeitstag nicht zu berücksichtigen sind. N.B.: Nur einschlägig im Falle des Zins-tagequotienten Actual/Actual (ISMA).  
*Insert regular interest 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 (ISMA).*

- LIBOR (Londoner Ortszeit/Londoner Geschäftstag/City of London/Londoner Geschäftsstelle/Londoner Interbanken-Markt)  
*LIBOR (London time/London Business Day/City of London/London Office/London Interbank market)*  
Bildschirmseite [ ]  
*Screen page*
- Sonstige (angeben) [ ]  
*Other (specify)*  
Bildschirmseite [ ]  
*Screen page*
- Marge [ ] % per annum  
*Margin [ ] per cent. per annum*
- plus  
*plus*
- minus  
*minus*

Zinsfestlegungstag  
*Interest Determination Date*

- zweiter Geschäftstag vor Beginn der jeweiligen Zinsperiode  
*second Business Day prior to commencement of Interest Period*
- Sonstige (angeben) [ ]  
*Other (specify)*

Referenzbanken (sofern abweichend von § 3 Absatz 2) (angeben) [ ]  
*Reference Banks (if other than as specified in § 3(2)) (specify)*

- ISDA Feststellung<sup>19</sup> [Details einfügen]  
*ISDA-Determination [specify details]*
- Andere Methoden der Bestimmung (Einzelheiten angeben  
(einschließlich Zinsfestlegungstag, Marge, Referenzbanken,  
Ausweichbestimmungen)) [ ]  
*Other Method of Determination (insert details (including Margin,  
Interest Determination Date, Reference Banks, fall-back provisions))*

**Mindest- und Höchstzinssatz**  
***Minimum and Maximum Rate of Interest***

- Mindestzinssatz [ ] % per annum  
*Minimum Rate of Interest [ ] per cent. per annum*
- Höchstzinssatz [ ] % per annum  
*Maximum Rate of Interest [ ] per cent. per annum*

**Nullkupon-Schuldverschreibungen/unverzinsliches Schuldscheindarlehen**  
***Zero Coupon Notes/Loan***

**Zinslauf**  
***Accrual of Interest***

**Emissionsrendite** [ ]  
***Amortisation Yield***

- Doppelwährungs-Schuldverschreibungen/Schuldscheindarlehen** [ ]  
***Dual Currency Notes/Loan***  
(Einzelheiten vollständig einfügen (einschließlich Wechselkurs(e) oder Grundlage  
für die Berechnung des/der Wechselkurs(e) zur Bestimmung von  
Kapital- und oder Zinsbeträgen/Ausweichbestimmungen))  
*(set forth details in full here (including exchange rate(s) or  
basis for calculating exchange rate(s) to determine principal  
and/or interest/fall back provisions))*

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<sup>19</sup> ISDA-Feststellung sollte nicht gewählt werden, wenn Schuldverschreibungen durch Einzelkunden verbrieft werden, weil das ISDA Agreement und die ISDA Definitions den Schuldverschreibungen beizufügen sind.  
*ISDA Determination should not be applied in the case of Notes represented by Definitive Notes because the ISDA Agreement and the ISDA Definitions have to be attached to the Notes.*

**Teileingezahlte(s) Schuldverschreibungen/Schuldscheindarlehen** [ ]  
**Partly Paid Notes/Loan**  
(Einzelheiten vollständig einfügen (einschließlich Höhe der Raten/  
Ratenzahlungstermine/Konsequenzen bei Nicht-Zahlung/Zinssatz))  
(set forth details in full here (including amount of each instalment /due  
dates for payment/consequences of failure to pay/interest rate))

**Index-Schuldverschreibungen/Schuldscheindarlehen** [ ]  
**Index-Linked Notes/Loan**  
(Einzelheiten vollständig einfügen)  
(set forth details in full here)

**Raten-Schuldverschreibungen/Schuldscheindarlehen** [ ]  
**Instalment Notes/Loan**  
(Einzelheiten vollständig einfügen)  
(set forth details in full here)

**Sonstige (angeben)** [ ]  
**Other (specify)**

**Zinstagequotient<sup>20</sup>**  
**Day Count Fraction**

- Actual/Actual (ISMA)<sup>21</sup>
- 30/360<sup>21</sup>
- Actual/Actual (Actual/365)
- Actual/365 (Fixed)
- Actual/360
- 30/360 or 360/360 (Bond Basis)
- 30E/360 (Eurobond Basis)
- Sonstiges (angeben)  
*Other (specify)*

**ZAHLUNGEN (§ 4)**  
**PAYMENTS (§ 4)**

**Zahlungstag**  
**Payment Business Day**

Relevante(s) Finanzzentren(um) (alle angeben) [ ]  
*Relevant Financial Centre(s) (specify all)*

Ausschluss von Aufrechnung und Zurückbehaltungsrechten<sup>22</sup>  
*Exclusion of Set-off and Rights of Retention*

**RÜCKZAHLUNG (§ 5)**  
**REDEMPTION (§ 5)**

**Rückzahlung bei Endfälligkeit**  
**Final Redemption**

**Schuldverschreibungen/Schuldscheindarlehen außer Raten-**  
**Schuldverschreibungen/Schuldscheindarlehen**  
**Notes/Loan with the exception of (an) Instalment Notes/Loan**

Fälligkeitstag [ ]  
*Maturity Date*

Rückzahlungsmonat [ ]  
*Redemption Month*

<sup>20</sup> Für alle Schuldverschreibungen/Schuldscheindarlehen auszufüllen.  
*Complete for all Notes/Loans.*

<sup>21</sup> Nur auf festverzinsliche Schuldverschreibungen/Schuldscheindarlehen anwendbar.  
*Applicable only to Fixed Rate Notes/Loans.*

<sup>22</sup> Für alle Schuldscheindarlehen auszufüllen.  
*Complete for all Loans.*

Rückzahlungsbetrag  
*Final Redemption Amount*

Nennbetrag  
*Principal Amount*

Rückzahlungsbetrag (für jede festgelegte Stückelung/  
für das Schuldscheindarlehen) [ ]  
*Final Redemption Amount (per Specified Denomination/  
in respect of the Loan)*

**Raten-Schuldverschreibungen/Schuldscheindarlehen**  
***Instalment Notes/Loan***

Ratenzahlungstermin(e) [ ]  
*Instalment Date(s)*

Rate(n) [ ]  
*Instalment Amount(s)*

**Vorzeitige Rückzahlung**  
***Early Redemption***

**Option zur vorzeitigen Rückzahlung aus steuerlichen Gründen** [Ja/Nein]  
***Optional Early Redemption for Taxation Reasons*** [Yes/No]

**Vorzeitige Rückzahlung nach Wahl der Emittentin** [Ja/Nein]  
***Early Redemption at the Option of the Issuer*** [Yes/No]

Mindestrückzahlungsbetrag [ ]  
*Minimum Redemption Amount*

Höherer Rückzahlungsbetrag [ ]  
*Higher Redemption Amount*

Wahlrückzahlungstag(e) (Call) [ ]  
*Call Redemption Date(s)*

Wahlrückzahlungsbetrag/-beträge (Call) [ ]  
*Call Redemption Amount(s)*

Mindestkündigungsfrist [ ]  
*Minimum Notice to Holders/Creditors*

Höchstkündigungsfrist [ ]  
*Maximum Notice to Holders/Creditors*

**Vorzeitige Rückzahlung nach Wahl des Gläubigers** [Ja/Nein]  
***Early Redemption at the Option of a Holder*** [Yes/No]

Wahlrückzahlungstag(e) (Put) [ ]  
*Put Redemption Date(s)*

Wahlrückzahlungsbetrag/-beträge (Put) [ ]  
*Put Redemption Amount(s)*

Mindestkündigungsfrist [ ] Tage  
*Minimum Notice to Issuer* [ ] days

Höchstkündigungsfrist (nie mehr als 60 Tage) [ ] Tage  
*Maximum Notice to Issuer (never more than 60 days)* [ ] days

**Vorzeitiger Rückzahlungsbetrag**  
***Early Redemption Amount***

Nullkupon-Schuldverschreibungen/unverzinsliches Schuldscheindarlehen  
*Zero Coupon Notes/Loan*

Referenzpreis [ ]  
*Reference Price*

**EMISSIONSSTELLE[, ] [UND] ZAHLSTELLEN [UND  
BERECHNUNGSSTELLE] (§ 6)  
FISCAL AGENT[, ] [AND] PAYING AGENTS [AND CALCULATION  
AGENT] (§ 6)**

Berechnungsstelle/bezeichnete Geschäftsstelle<sup>23</sup> [ ]  
*Calculation Agent/specified office*

Vorgeschriebener Ort für Berechnungsstelle (angeben) [ ]  
*Required location of Calculation Agent (specify)*

Zahlstellen  
*Paying Agents*

Zusätzliche Zahlstelle(n)/bezeichnete Geschäftsstelle(n) [ ]  
*Additional Paying Agent(s)/specified office(s)*

**MITTEILUNGEN (§ 12)<sup>24</sup>  
NOTICES (§ 12)**

**Ort und Medium der Bekanntmachung  
Place and medium of publication**

Luxemburg (Luxemburger Wort oder Tageblatt)  
*Luxembourg (Luxemburger Wort or Tageblatt)*

Deutschland (Börsen-Zeitung)  
*Germany (Börsen-Zeitung)*

Bundesanzeiger  
*Federal Gazette*

London (Financial Times)  
*London (Financial Times)*

Frankreich (La Tribune)  
*France (La Tribune)*

Schweiz (Neue Zürcher Zeitung und Le Temps)  
*Switzerland (Neue Zürcher Zeitung and Le Temps)*

Sonstige (angeben) [ ]  
*Other (specify)*

**ALLGEMEINE BESTIMMUNGEN HINSICHTLICH DER  
SCHULDVERSCHREIBUNG(EN)  
GENERAL PROVISIONS APPLICABLE TO THE NOTE(S)**

Börsenzulassung(en)<sup>25</sup> [Ja/Nein]  
*Listing(s)* [Yes/No]

Luxembourg

Düsseldorf

SWX Swiss Exchange Zürich

Sonstige (Einzelheiten einfügen) [ ]  
*Other (insert details)*

**Vertriebsmethode<sup>26</sup>  
Method of Distribution**

Nicht syndiziert  
*Non-Syndicated*

<sup>23</sup> Nicht auszufüllen, falls Emissionsstelle als Berechnungsstelle bestellt werden soll.  
*Not to be completed if the Fiscal Agent is to be appointed as Calculation Agent.*

<sup>24</sup> Nicht auszufüllen für Namensschuldverschreibungen und Schuldscheindarlehen.  
*Not to be completed for Registered Notes and Loans.*

<sup>25</sup> Nicht auszufüllen für Schuldscheindarlehen.  
*Not to be completed for Loans.*

<sup>26</sup> Nicht auszufüllen für Schuldscheindarlehen.  
*Not to be completed for Loans.*

- Syndiziert  
*Syndicated*

**Einzelheiten bezüglich der Dealer, des Bankenkonsortiums**  
***Details with regard to the Dealers, the Management Group***

Dealer/Bankenkonsortium (angeben) [ ]  
*Dealer/Management Group (specify)*

Provisionen [ ]  
*Commissions*

Management- und Übernahmeprovision (angeben) [ ]  
*Management/Underwriting Commission (specify)*

Verkaufsprovision (angeben) [ ]  
*Selling Concession (specify)*

Börsenzulassungsprovision (angeben) [ ]  
*Listing Commission (specify)*

Andere (angeben) [ ]  
*Other (specify)*

**Kursstabilisierender Manager<sup>27</sup>** [Einzelheiten  
***Stabilising Manager*** einfügen/Keiner]  
*[insert details/None]*

**Stabilisierungszeitraum<sup>28</sup>** [Beginn und Ende des  
Stabilisierungszeitraumes  
einfügen]  
*[Insert commencement and  
end of the Stabilisation  
Period]*

**Wertpapierkennnummern<sup>29</sup>**  
***Securities Identification Numbers***

Common code [ ]  
*Common code*

ISIN Code [ ]  
*ISIN Code*

Wertpapierkennnummer (WKN) [ ]  
*German Security Code*

Sonstige Wertpapiernummer [ ]  
*Any other securities number*

**Zusätzliche Steueroffenlegung (einfügen)<sup>30</sup>** [ ]  
***Supplemental Tax Disclosure (specify)***

**Verkaufsbeschränkungen**  
***Selling Restrictions***

- TEFRA C  
*TEFRA C*

- TEFRA D  
*TEFRA D*

<sup>27</sup> Nicht auszufüllen für Schuldscheindarlehen.  
*Not to be completed for Loans.*

<sup>28</sup> Nur auszufüllen für Stabilisierungsmaßnahmen die den Gesetzen der Bundesrepublik Deutschland unterliegen.  
*Complete only in respect of any stabilisation activity to which the laws of the Federal Republic of Germany apply.*

<sup>29</sup> Nicht auszufüllen für Schuldscheindarlehen.  
*Not to be completed for Loans.*

<sup>30</sup> Zusätzliche Angaben zur steuerlichen Situation sollten erfolgen, wenn die Schuldverschreibungen nach deutschem Steuerrecht als Finanzinnovationen eingeordnet würden. Deutschsprachiger Text ist fakultativ.  
*Supplemental tax disclosure should be provided if the Notes would be classified as financial innovations (Finanzinnovationen) under German tax law. German language text optional.*

- Weder TEFRA C noch TEFRA D  
*Neither TEFRA C nor TEFRA D*

Zusätzliche Verkaufsbeschränkungen (angeben)<sup>31</sup>  
*Additional selling restrictions (specify)*

[ ]

**Anwendbares Recht**  
**Governing law**

Deutsches Recht  
*German law*

**Andere relevante Bestimmungen (einfügen)**  
**Other relevant terms (specify)**

[ ]

**Börsenzulassung:**<sup>32</sup>  
**Listing:**

Das vorstehende Konditionenblatt enthält die Angaben, die für die Börsenzulassung dieser Emission von Schuldverschreibungen unter dem €20,000,000,000 Debt Issuance Programme der NRW.BANK (ab dem **[Tag der Begebung der Schuldverschreibungen einfügen]**) erforderlich sind.

*The above Pricing Supplement comprises the details required to list this issue of Notes under the €20,000,000,000 Debt Issuance Programme of NRW.BANK (as from **insert Issue Date for the Notes**).*

Die Emittentin übernimmt die Verantwortung für die in diesem Konditionenblatt enthaltenen Informationen.  
*The Issuer accepts responsibility for the information contained in this Pricing Supplement.*

Im Namen der Emittentin unterzeichnet  
*Signed on behalf of the Issuer*

Von:  
*By:*

Im Auftrag  
*Duly authorised*

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<sup>31</sup> Nicht auszufüllen für Schuldscheindarlehen. Deutschsprachiger Text ist fakultativ.  
*Not to be completed for Loans. German language text optional.*

<sup>32</sup> Nur in derjenigen Fassung des Konditionenblatts einzufügen, die der betreffenden Börse, bei der die Schuldverschreibungen zugelassen werden sollen, vorgelegt wird.  
<sup>24</sup> *Include only in the version of the Pricing Supplement which is submitted to the relevant stock exchange in the case of Notes to be listed on such stock exchange.*



# Terms and Conditions of the Instruments

## TERMS AND CONDITIONS OF THE NOTES AND THE LOANS GERMAN LANGUAGE VERSION (DEUTSCHE FASSUNG DER EMISSIONSBEDINGUNGEN UND DER DARLEHENSBEDINGUNGEN)

*Die Bedingungen der Schuldverschreibungen (die „Emissionsbedingungen“) und die Bedingungen der Schuldscheindarlehen (die „Darlehensbedingungen“) sind nachfolgend in drei Teile gegliedert:*

*TEIL I enthält als Grundbedingungen (die „Grundbedingungen“) Bedingungen für Serien von Inhaberschuldverschreibungen, die keine Pfandbriefe sind und durch Globalurkunden verbrieft sind.*

*TEIL II enthält vier Zusätze (die „Zusätze“) zu den Grundbedingungen, die diese jeweils ergänzen: in TEIL II (A) Bedingungen für Serien von Inhaberpfandbriefen, die durch Globalurkunden verbrieft sind, in TEIL II (B) Bedingungen für Namensschuldverschreibungen, die keine Namenspfandbriefe sind, in TEIL II (C) Bedingungen für Namenspfandbriefe und in TEIL II (D) Bedingungen für solche Schuldverschreibungen (einschließlich Pfandbriefe), die durch Einzelurkunden verbrieft sind.*

*Die Grundbedingungen und die dazugehörigen Zusätze bilden zusammen die Emissionsbedingungen.*

*TEIL III enthält die Darlehensbedingungen.*

**IFalls (eine) Schuldverschreibung(en) begeben (wird) werden, einfügen:**

[Diese Serie von Schuldverschreibungen (die „Schuldverschreibungen“) [Diese Serie von öffentlichen Pfandbriefen (die „Schuldverschreibungen“) [Diese Namensschuldverschreibung (die „Schuldverschreibung“) [Dieser öffentliche Namenspfandbrief (die „Schuldverschreibung“) wird gemäß einem Agency Agreement vom 14. Mai 2004 (das „Agency Agreement“) zwischen der NRW.BANK (die „Emittentin“) und Citibank, N.A. als Emissionsstelle (die „Emissionsstelle“, wobei dieser Begriff die nach dem Agency Agreement etwa nachfolgenden Emissionsstellen einschließt) und den anderen darin genannten Parteien begeben. Kopien des Agency Agreement können kostenlos bei der bezeichneten Geschäftsstelle der Emissionsstelle und bei den bezeichneten Geschäftsstellen einer jeden Zahlstelle (wie nachstehend angegeben) sowie am Sitz der Emittentin bezogen werden.]

**IBei nicht-konsolidierten Bedingungen einfügen:**

Die auf [die Schuldverschreibung(en)] [das Schuldscheindarlehen] anwendbaren Bedingungen [(die „Emissionsbedingungen“) [die „Darlehensbedingungen“) gelten für [die Schuldverschreibung(en)] [das Schuldscheindarlehen] so, wie sie durch die Bestimmungen des beigefügten Konditionenblatts (das „Konditionenblatt“) vervollständigt, geändert, ergänzt oder ganz oder teilweise ersetzt werden.

Die Leerstellen in den anwendbaren Bestimmungen dieser [Emissionsbedingungen] [Darlehensbedingungen] gelten als durch die im Konditionenblatt enthaltenen Angaben ausgefüllt, so als ob die Leerstellen in den betreffenden Bestimmungen durch diese Angaben ausgefüllt wären;

sofern das Konditionenblatt Änderungen, Ergänzungen oder die (vollständige oder teilweise) Ersetzung bestimmter [Emissionsbedingungen] [Darlehensbedingungen] vorsieht, gelten die betreffenden Bestimmungen der [Emissionsbedingungen] [Darlehensbedingungen] als entsprechend geändert, ergänzt oder ersetzt;

## TERMS AND CONDITIONS OF THE NOTES AND THE LOANS ENGLISH LANGUAGE VERSION

*The terms and conditions of the notes (the “Terms and Conditions of the Notes“) and the terms and conditions of the loans (the “Terms and Conditions of the Loans“) are set forth below in three Parts:*

*PART I sets out the basic terms (the “Basic Terms“) comprising the terms and conditions that apply to series of bearer notes (other than Pfandbriefe) which are represented by global notes.*

*PART II sets forth four supplements (the “Supplements“) to the Basic Terms: in Part II (A) terms and conditions that apply to series of bearer Pfandbriefe which are represented by global notes; in Part II (B) terms and conditions that apply to notes in registered form other than Pfandbriefe in registered form; in PART II (C) terms and conditions that apply to Pfandbriefe in registered form and in PART II (D) terms and conditions that apply to notes (including Pfandbriefe) represented by definitive notes.*

*The Basic Terms and the Supplements thereto together constitute the Terms and Conditions of the Notes.*

*PART III sets out the Terms and Conditions of the Loans.*

**IIIn the case of an issuance of (a) note(s) insert:**

This [series of notes (the “Notes“) [series of public sector Pfandbriefe (the “Notes“) [registered Note (the “Note“) [public sector Pfandbrief in registered form (the “Note“) is issued pursuant to an agency agreement dated 14th May, 2004 (the “Agency Agreement“) between NRW.BANK (the “Issuer“) and Citibank, N.A. as fiscal agent (the “Fiscal Agent“, which expression shall include any successor fiscal agent thereunder) and the other parties named therein. Copies of the Agency Agreement may be obtained free of charge at the specified office of the Fiscal Agent, at the specified office of any Paying Agent (as specified below) and at the principal office of the Issuer.]

**IIIn the case of Long-Form Conditions insert:**

The provisions of these terms and conditions apply to the [Notes (the “Terms and Conditions of the Notes“) [Loan (the “Terms and Conditions of the Loans“) as completed, modified, supplemented or replaced, in whole or in part, by the terms of the pricing supplement which is attached hereto (the “Pricing Supplement“).

The blanks in the provisions of these [Terms and Conditions of the Notes] [Terms and Conditions of the Loans] which are applicable shall be deemed to be completed by the information contained in the Pricing Supplement as if such information were inserted in the blanks of such provisions;

any provisions of the Pricing Supplement modifying, supplementing or replacing, in whole or in part, the provisions of these [Terms and Conditions of the Notes] [Terms and Conditions of the Loans] shall be deemed to so modify, supplement or replace the provisions of these [Terms and Conditions of the Notes] [Terms and Conditions of the Loans];

alternative oder wählbare Bestimmungen dieser [Emissionsbedingungen] [Darlehensbedingungen], deren Entsprechungen im Konditionenblatt nicht ausdrücklich ausgefüllt oder die gestrichen sind, gelten als aus diesen [Emissionsbedingungen] [Darlehensbedingungen] gestrichen;

sämtliche auf [die Schuldverschreibungen] [das Schuldscheindarlehen] nicht anwendbaren Bestimmungen dieser [Emissionsbedingungen] [Darlehensbedingungen] (einschließlich der Anweisungen, Anmerkungen und der Texte in eckigen Klammern) gelten als aus diesen [Emissionsbedingungen] [Darlehensbedingungen] gestrichen, so dass die Bestimmungen des Konditionenblatts Geltung erhalten.

Kopien des Konditionenblattes sind kostenlos **[Falls (eine) Schuldverschreibung(en) begeben (wird) werden, einfügen:** bei der bezeichneten Geschäftsstelle der Emissionsstelle und bei den bezeichneten Geschäftsstellen einer jeden Zahlstelle] **[Falls ein Schuldscheindarlehen aufgenommen wird, einfügen:** bei der Emittentin] erhältlich. **[Falls (eine) nicht börsennotierte Schuldverschreibung(en) oder ein Schuldscheindarlehen begeben bzw. aufgenommen wird (werden), einfügen:** Kopien des betreffenden Konditionenblattes sind ausschließlich für den bzw. die [Inhaber] [Gläubiger] [der Schuldverschreibung(en)] [des Schuldscheindarlehens] erhältlich.]

alternative or optional provisions of these [Terms and Conditions of the Notes] [Terms and Conditions of the Loans] as to which the corresponding provisions of the Pricing Supplement are not completed or are deleted shall be deemed to be deleted from these [Terms and Conditions of the Notes] [Terms and Conditions of the Loans];

and all provisions of these [Terms and Conditions of the Notes] [Terms and Conditions of the Loans] which are inapplicable to the [Notes] [Loans] (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these [Terms and Conditions of the Notes] [Terms and Conditions of the Loans], as required to give effect to the terms of the Pricing Supplement.

Copies of the Pricing Supplement may be obtained free of charge **[In the case of an issuance of (a) note(s) insert:** at the specified office of the Fiscal Agent and at the specified office of any Paying Agent.] **[In the case of a Loan being raised insert:** from the Issuer.] **[In the case of an issuance of (a) Note(s) which is (are) not listed on any stock exchange or the raising of a Loan insert:** Copies of the relevant Pricing Supplement will only be available to [holders] [creditors] of such [Note(s)] [Loan].]

**TEIL I – GRUNDBEDINGUNGEN  
BEDINGUNGEN FÜR INHABERSCHULDVERSCHREIBUNGEN  
(AUSGENOMMEN PFANDBRIEFE)**

**§ 1  
WÄHRUNG, STÜCKELUNG, FORM,  
DEFINITIONEN**

(1) *Währung, Stückelung.* Diese Serie von Schuldverschreibungen wird von der Emittentin in **[festgelegte Währung einfügen]** (die „festgelegte Währung“) im Gesamtnennbetrag von **[Gesamtnennbetrag einfügen]** (in Worten: **[Gesamtnennbetrag in Worten einfügen]**) in Stückelungen von **[festgelegte Stücke einfügen]** (die „festgelegten Stückelungen“) begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

**[Bei Schuldverschreibungen, die durch eine Dauerglobalurkunde verbrieft sind, einfügen:**

(3) *Dauerglobalurkunde.* Die Schuldverschreibungen sind durch eine Dauerglobalurkunde (die „Dauerglobalurkunde“) ohne Zinsscheine verbrieft. Die Dauerglobalurkunde trägt die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Emissionsstelle oder in deren Namen mit einer eigenhändigen oder faksimilierten Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.]

**[Bei Schuldverschreibungen, die anfänglich durch eine vorläufige Globalurkunde verbrieft sind, einfügen:**

(3) *Vorläufige Globalurkunde – Austausch gegen Dauerglobalurkunde*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die „vorläufige Globalurkunde“) ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die „Dauerglobalurkunde“) und, zusammen mit der vorläufigen Globalurkunde, die „Globalurkunden“) ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Emissionsstelle oder in deren Namen mit einer eigenhändigen oder faksimilierten Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die vorläufige Globalurkunde wird an einem Tag (der „Austauschtag“) gegen die Dauerglobalurkunde ausgetauscht, der nicht mehr als 180 Tage nach dem Tag der Begebung der vorläufigen Globalurkunde liegt. Der Austauschtag für einen solchen Austausch darf nicht weniger als 40 Tage nach dem Tag der Begebung der vorläufigen Globalurkunde liegen. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftliche(n) Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Person(en) ist (sind) (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieften Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Begebung der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Unterabsatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.]

**PART I – BASIC TERMS  
TERMS AND CONDITIONS OF  
BEARER NOTES  
(OTHER THAN PFANDBRIEFE)**

**§ 1  
CURRENCY, DENOMINATION, FORM,  
CERTAIN DEFINITIONS**

(1) *Currency, Denomination.* This series of notes is being issued by the Issuer in **[insert specified currency]** (the “Specified Currency”) in the aggregate principal amount of **[insert aggregate principal amount]** (in words: **[insert aggregate principal amount in words]**) in denominations of **[insert Specified Denominations]** (the “Specified Denominations”).

(2) *Form.* The Notes are being issued in bearer form.

**[In the case of Notes which are exclusively represented by a Permanent Global Note insert:**

(3) *Permanent Global Note.* The Notes are represented by a permanent global note (the “Permanent Global Note”) without coupons. The Permanent Global Note shall be signed manually or in facsimile by two authorised signatories of the Issuer and shall be authenticated manually or in facsimile by or on behalf of the Fiscal Agent. Definitive Notes and interest coupons will not be issued.]

**[In the case of Notes which are initially represented by a Temporary Global Note insert:**

(3) *Temporary Global Note – Exchange for Permanent Global Note*

(a) The Notes are initially represented by a temporary global note (the “Temporary Global Note”) without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the “Permanent Global Note”) and, together with the Temporary Global Note, the “Global Notes”) without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually or in facsimile by two authorised signatories of the Issuer and shall each be authenticated manually or in facsimile by or on behalf of the Fiscal Agent. Definitive notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the “Exchange Date”) not later than 180 days after the date of issue of the Temporary Global Note. The Exchange Date shall not be earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is (are) not (a) U.S. person(s) (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).]

(4) *Clearing System.* Die Globalurkunden werden von einem oder im Namen eines Clearing Systems verwahrt, im Falle der Dauerglobalurkunde bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. „Clearing System“ bedeutet **[bei mehr als einem Clearing System einfügen: jeweils]** folgendes: [Clearstream Banking AG („CBF“)] [,] [und] [Clearstream Banking, société anonyme („CBL“)] [,] [und] [Euroclear Bank S.A./N.V., als Betreiberin des Euroclear Systems („Euroclear“)] [,] [und] **anderes Clearing System angeben**] oder jeder Funktionsnachfolger.

(5) *Gläubiger von Schuldverschreibungen.* „Gläubiger“ bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

**[Bei nicht nachrangigen Schuldverschreibungen einfügen:**

## §2 STATUS

Die Schuldverschreibungen begründen direkte, unbedingte, unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen unbesicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.]

**[Bei nachrangigen Schuldverschreibungen einfügen:**

## §2 STATUS

Die Schuldverschreibungen begründen direkte, unbedingte, unbesicherte und nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen unbesicherten und nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind. Im Falle der Liquidation oder der Insolvenz der Emittentin oder eines außergerichtlichen Vergleichs- oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Emittentin gehen die Verbindlichkeiten aus den Schuldverschreibungen den Ansprüchen dritter Gläubiger der Emittentin aus nicht nachrangigen Verbindlichkeiten im Range nach, so dass Zahlungen auf die Schuldverschreibungen solange nicht erfolgen, wie die Ansprüche dieser dritten Gläubiger der Emittentin aus nicht nachrangigen Verbindlichkeiten nicht vollständig befriedigt sind. Kein Gläubiger ist berechtigt, mit Ansprüchen aus den Schuldverschreibungen gegen Ansprüche der Emittentin aufzurechnen. Für die Rechte der Gläubiger aus den Schuldverschreibungen ist diesen eine vertragliche Sicherheit, gleich welcher Art, durch die Emittentin oder durch Dritte nicht gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden. Soweit eine derartige vertragliche Sicherheit von der Emittentin oder einem Dritten möglicherweise in der Vergangenheit doch gewährt worden ist oder in Zukunft gewährt werden wird, besichert sie nicht die Forderungen aus den Schuldverschreibungen. Nachträglich können der Nachrang gemäß diesem § 2 nicht beschränkt sowie der Fälligkeitstag (wie in § 5 (1) definiert) der Schuldverschreibungen nicht vorgezogen und die geltende Kündigungsfrist nicht verkürzt werden. Werden die Schuldverschreibungen vor dem Fälligkeitstag unter anderen als den in diesem § 2 beschriebenen Umständen **[Soweit eine vorzeitige Rückzahlung aus steuerlichen Gründen erfolgen kann, einfügen:** oder infolge einer vorzeitigen Kündigung nach Maßgabe von § 5 (2)] zurückgezahlt oder von der Emittentin (außer in den Fällen des § 10 Absatz 5a Satz 6 Gesetz über das Kreditwesen) zurückerworben, so ist der zurückgezahlte oder gezahlte Betrag der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, sofern nicht der gezahlte Betrag durch die Einzahlung anderen, zumindest gleichwertigen haftenden Eigenkapitals im Sinne des Kreditwesengesetzes ersetzt worden ist, oder die Bundesanstalt für Finanzdienstleistungsaufsicht der vorzeitigen Rückzahlung oder dem Rückkauf zugestimmt hat.]

(4) *Clearing System.* The Global Notes will be kept in custody by or on behalf of a Clearing System, in the case of the Permanent Global Note until all obligations of the Issuer under the Notes have been satisfied. “Clearing System” means **[if more than one Clearing System insert: each of]** the following: [Clearstream Banking AG (“CBF”)] [,] [and] [Clearstream Banking, société anonyme (“CBL”)] [,] [and] [Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”)] [,] [and] **[specify other Clearing System]** or any successor in respect of the functions performed by **[if more than one Clearing System insert: each of the Clearing Systems]** **[if one Clearing System insert: the Clearing System]**.

(5) *Holder of Notes.* “Holder” means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

**[In the case of unsubordinated Notes insert:**

## § 2 STATUS

The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.]

**[In the case of subordinated Notes insert:**

## §2 STATUS

The Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and subordinated present or future obligations of the Issuer. In the event of the liquidation, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Issuer shall have been satisfied in full. No Holder may set off his claims arising under the Notes against any claims of the Issuer. No contractual security of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Holders under such Notes. Any such contractual security that, notwithstanding the aforementioned, may have been provided in the past or will be provided in the future by the Issuer or any third party shall not secure the claims arising from the Notes. No subsequent agreement may limit the subordination pursuant to the provisions set out in this § 2 or amend the Maturity Date (as defined in § 5 (1)) in respect of the Notes to any earlier date or shorten any applicable notice period (*Kündigungsfrist*). If the Notes are redeemed before the Maturity Date otherwise than in the circumstances described in this § 2 **[if Early Redemption for Reasons of Taxation applies, insert:** or as a result of an early redemption according to § 5 (2)] or repurchased by the Issuer otherwise than in accordance with the provisions of § 10(5a) sentence 6 of the German Banking Act (*Gesetz über das Kreditwesen*), then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the amounts paid have been replaced by other liable capital (*haftendes Eigenkapital*) of at least equal status within the meaning of the German Banking Act, or the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) has consented to such redemption or repurchase.]

§ 3  
[ZINSEN] [INDEXIERUNG]

**[(A) Bei festverzinslichen Schuldverschreibungen einfügen:**

(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden auf der Grundlage ihres Nennbetrages verzinst, und zwar vom **[Verzinsungsbeginn einfügen]** (der „Verzinsungsbeginn“) (einschließlich) bis zum Fälligkeitstag (wie in § 5 (1) definiert) (ausschließlich) mit jährlich **[Zinssatz einfügen]** %. Die Zinsen sind nachträglich am **[Festzinstermine(e) einfügen]** eines jeden Jahres zahlbar (jeweils ein „Zinszahlungstag“). Die erste Zinszahlung erfolgt am **[ersten Zinszahlungstag einfügen]** [sofern der erste Zinszahlungstag nicht der erste Jahrestag des Verzinsungsbeginns ist, einfügen: und beläuft sich auf **[anfänglichen Bruchteilzinsbetrag pro erste festgelegte Stückelung einfügen]** je Schuldverschreibung im Nennbetrag von **[erste festgelegte Stückelung einfügen]** und **[weitere anfängliche Bruchteilzinsbeträge für jede weitere festgelegte Stückelung einfügen]** je Schuldverschreibung im Nennbetrag von **[weitere festgelegte Stückelungen einfügen]**]. **[Sofern der Fälligkeitstag kein Festzinstermine ist, einfügen:** Die Zinsen für den Zeitraum vom **[den letzten dem Fälligkeitstag vorausgehenden Festzinstermine einfügen]** (einschließlich) bis zum Fälligkeitstag (ausschließlich) belaufen sich auf **[abschließenden Bruchteilzinsbetrag pro erste festgelegte Stückelung einfügen]** je Schuldverschreibung im Nennbetrag von **[erste festgelegte Stückelung einfügen]** und **[weitere abschließende Bruchteilzinsbeträge für jede weitere festgelegte Stückelung einfügen]** je Schuldverschreibung im Nennbetrag von **[weitere festgelegte Stückelungen einfügen]**]. **[Im Fall von Actual/Actual (ISMA) einfügen:** Die Anzahl der Feststellungstermine im Kalenderjahr (jeweils ein „Feststellungstermine“) beträgt **[Anzahl der regulären Zinszahlungstage im Kalenderjahr einfügen]**].

(2) *Zinslauf.* Der Zinslauf der Schuldverschreibungen endet an dem Tag, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen nicht am Tag der Fälligkeit, sondern erst mit der tatsächlichen Rückzahlung der Schuldverschreibungen. Weitergehende Ansprüche der Gläubiger bleiben unberührt.

(3) *Unterjährige Berechnung der Zinsen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).]

**[(B) Bei variabel verzinslichen Schuldverschreibungen einfügen:**

(1) *Zinszahlungstage.*

(a) Die Schuldverschreibungen werden auf der Grundlage ihres Nennbetrags ab dem **[Verzinsungsbeginn einfügen]** (der „Verzinsungsbeginn“) (einschließlich) bis zum ersten Zinszahlungstag (wie nachstehend definiert) (ausschließlich) und danach von jedem Zinszahlungstag (einschließlich) bis zum nächstfolgenden Zinszahlungstag (ausschließlich) verzinst. Zinsen auf die Schuldverschreibungen sind an jedem Zinszahlungstag zahlbar.

(b) „Zinszahlungstag“ bedeutet

**[(i) im Fall von festgelegten Zinszahlungstagen einfügen:** jeder **[festgelegte Zinszahlungstage einfügen]**].

**[(ii) im Fall von festgelegten Zinsperioden einfügen:** (soweit diese Emissionsbedingungen keine abweichenden Bestimmungen vorsehen) jeweils der Tag, der **[Zahl einfügen]** [Wochen] [Monate] **[andere festgelegte Zeiträume einfügen]** nach dem vorausgehenden Zinszahlungstag liegt, oder im Falle des ersten Zinszahlungstages, nach dem Verzinsungsbeginn.]

§ 3  
[[INTEREST]] [INDEXATION]

**[(A) In the case of Fixed Rate Notes insert:**

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of **[insert Rate of Interest]** per cent. per annum from (and including) **[insert Interest Commencement Date]** (the “Interest Commencement Date”) to (but excluding) the Maturity Date (as defined in § 5 (1)). Interest shall be payable in arrear on **[insert Fixed Interest Date or Dates]** in each year (each such date, an “Interest Payment Date”). The first payment of interest shall be made on **[insert First Interest Payment Date]** [if **First Interest Payment Date** is not first anniversary of Interest Commencement Date insert: and will amount to **[insert Initial Broken Amount per first Specified Denomination]** per Note in a denomination of **[insert first Specified Denomination]** and **[insert further Initial Broken Amount(s) per further Specified Denominations]** per Note in a denomination of **[insert further Specified Denominations]**]. **[If the Maturity Date is not a Fixed Interest Date insert:** Interest in respect of the period from (and including) **[insert Fixed Interest Date preceding the Maturity Date]** to (but excluding) the Maturity Date will amount to **[insert Final Broken Amount per first Specified Denomination]** per Note in a denomination of **[insert first Specified Denomination]** and **[insert further Final Broken Amount(s) per further Specified Denominations]** per note in a denomination of **[insert further Specified Denominations]**]. **[If Actual/Actual (ISMA) insert:** The number of interest determination dates per calendar year (each a “Determination Date”) is **[insert number of regular interest payment dates per calendar year]**].

(2) *Accrual of Interest.* The Notes shall cease to bear interest from their due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the actual redemption of the Notes. This does not affect any additional rights that might be available to the Holders.

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).]

**[(B) In the case of Floating Rate Notes insert:**

(1) *Interest Payment Dates.*

(a) The Notes bear interest on their principal amount from (and including) **[insert Interest Commencement Date]** (the “Interest Commencement Date”) to (but excluding) the first Interest Payment Date (as defined below) and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Interest on the Notes shall be payable on each Interest Payment Date.

(b) “Interest Payment Date” means

**[(i) in the case of Specified Interest Payment Dates insert:** each **[insert Specified Interest Payment Dates]**].

**[(ii) in the case of Specified Interest Periods insert:** each date which (except as otherwise provided in these Terms and Conditions) falls **[insert number]** [weeks] [months] **[insert other specified periods]** after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.]

(c) Sofern ein Zinszahlungstag ansonsten auf einen Tag fiele, der kein Geschäftstag (wie nachstehend definiert) ist, so wird der Zinszahlungstag

**[(i) bei Anwendung der Modifizierte Folgender Geschäftstag-Konvention einfügen:** auf den nächstfolgenden Geschäftstag verschoben, es sei denn, er würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.]

**[(ii) bei Anwendung der FRN-Konvention einfügen:** auf den nächstfolgenden Geschäftstag verschoben, es sei denn, er würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall (i) wird der Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen und (ii) ist jeder nachfolgende Zinszahlungstag der jeweils letzte Geschäftstag des Monats, der **[[Zahl einfügen] Monate] [andere festgelegte Zeiträume einfügen]** nach dem vorausgehenden anwendbaren Zinszahlungstag liegt.]

**[(iii) bei Anwendung der Folgender Geschäftstag-Konvention einfügen:** auf den nächstfolgenden Geschäftstag verschoben.]

**[(iv) bei Anwendung der Vorangegangener Geschäftstag-Konvention einfügen:** auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.]

(d) In diesem § 3 bezeichnet „Geschäftstag“ einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[falls die festgelegte Währung Euro ist, einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET)] **[falls die festgelegte Währung nicht Euro ist, einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren einfügen]** Zahlungen abwickeln.

(2) **Zinssatz.** **[Bei Bildschirmfeststellung einfügen:** Der Zinssatz (der „Zinssatz“) für jede Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts Abweichendes bestimmt wird, entweder:

(a) der Angebotssatz (wenn nur ein Angebotssatz auf der Bildschirmseite (wie nachstehend definiert) angezeigt ist), oder

(b) das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein **[falls der Referenzsatz EURIBOR ist, einfügen:** Tausendstel Prozent, wobei 0,0005] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** Hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) der Angebotssätze,

(ausgedrückt als Prozentsatz per annum) für Einlagen in der festgelegten Währung für die jeweilige Zinsperiode, der bzw. die auf der Bildschirmseite am Zinsfestlegungstag (wie nachstehend definiert) gegen 11.00 Uhr (**[Brüsseler] [Londoner] Ortszeit**) angezeigt wird bzw. werden **[im Fall einer Marge einfügen:** **[zuzüglich] [abzüglich]** der Marge (wie nachstehend definiert)], wobei alle Festlegungen durch die Berechnungsstelle (wie in § 6 (1) angegeben) erfolgen.

„Zinsperiode“ bezeichnet den Zeitraum von dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) bzw. von jedem Zinszahlungstag (einschließlich) bis zum jeweils darauffolgenden Zinszahlungstag (ausschließlich).

„Zinsfestlegungstag“ bezeichnet den **[zweiten] [zutreffende andere Zahl von Tagen einfügen] [TARGET-] [Londoner] [zutreffenden anderen Ort einfügen]** Geschäftstag vor Beginn der jeweiligen Zinsperiode. **[Im Fall eines TARGET-Geschäftstages einfügen:** „TARGET-Geschäftstag“ bezeichnet einen Tag, an

(c) If any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), it shall be:

**[(i) in the case of Modified Following Business Day Convention insert:** postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Business Day.]

**[(ii) in the case of FRN Convention insert:** postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) the Interest Payment Date shall be the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls **[[insert number] [months] [insert other specified periods]** after the preceding applicable Interest Payment Date.]

**[(iii) in the case of Following Business Day Convention insert:** postponed to the next day which is a Business Day.]

**[(iv) in the case of Preceding Business Day Convention insert:** the immediately preceding Business Day.]

(d) In this § 3 “Business Day” means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[if the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET)] **[if the Specified Currency is not Euro insert:** commercial banks and foreign exchange markets in **[insert all relevant financial centres]** settle payments.

(2) **Rate of Interest.** **[In the case of Screen Rate Determination insert:** The rate of interest (the “Rate of Interest”) for each Interest Period (as defined below) will, except as provided below, be either:

(a) the offered quotation (if there is only one quotation on the Screen Page (as defined below)); or

(b) the arithmetic mean (rounded if necessary to the nearest one **[if the Reference Rate is EURIBOR insert:** thousandth of a percentage point, with 0.0005] **[if the Reference Rate is not EURIBOR insert:** hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Screen Page as of 11.00 a.m. (**[Brussels] [London] time**) on the Interest Determination Date (as defined below) **[in the case of Margin insert:** **[plus] [minus]** the Margin (as defined below)], all as determined by the Calculation Agent (as specified in § 6 (1)).

“Interest Period” means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date.

“Interest Determination Date” means the **[second] [insert other applicable number of days] [TARGET] [London] [insert other relevant location]** Business Day prior to the commencement of the relevant Interest Period. **[In case of a TARGET Business Day insert:** “TARGET Business Day” means a day on which

dem TARGET (Trans-European Automated Real-Time Gross Settlement Express Transfer System) betriebsbereit ist.] **Im Fall eines anderen Geschäftstages als eines TARGET-Geschäftstages einfügen:** „[Londoner] [zutreffenden anderen Ort einfügen] Geschäftstag“ bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken in [London] [zutreffenden anderen Ort einfügen] für Geschäfte (einschließlich Devisen- und Sortengeschäfte) geöffnet sind.]

**[Im Fall einer Marge einfügen:** Die „Marge“ beträgt [Satz einfügen] % per annum.]

„Bildschirmseite“ bedeutet [Bildschirmseite einfügen].

Wenn im vorstehenden Fall (b) auf der maßgeblichen Bildschirmseite fünf oder mehr Angebotssätze angezeigt werden, werden der höchste (falls mehr als ein solcher Höchstsatz angezeigt wird, nur einer dieser Sätze) und der niedrigste (falls mehr als ein solcher niedrigster Satz angezeigt wird, nur einer dieser Sätze) von der Berechnungsstelle für die Bestimmung des arithmetischen Mittels der Angebotssätze (das wie vorstehend beschrieben auf- oder abgerundet wird) außer Acht gelassen; diese Regel gilt entsprechend für diesen gesamten Absatz (2).

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen, oder wird im Fall von (a) kein Angebotssatz, oder werden im Fall von (b) weniger als drei Angebotssätze angezeigt (in jedem dieser Fälle zur genannten Zeit), wird die Berechnungsstelle von den [Londoner] [zutreffenden anderen Ort einfügen] Hauptniederlassungen jeder der Referenzbanken (wie nachstehend definiert) [in der Euro-Zone (wie nachstehend definiert)] deren jeweilige Angebotssätze (jeweils als Prozentsatz per annum ausgedrückt) für Einlagen in der festgelegten Währung für die betreffende Zinsperiode gegenüber führenden Banken im [Londoner] [zutreffenden anderen Ort einfügen] Interbanken-Markt [der Euro-Zone] um ca. 11.00 Uhr ([Londoner] [Brüsseler] Ortszeit) am Zinsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein [falls der Referenzsatz EURIBOR ist, einfügen: Tausendstel Prozent, wobei 0,0005] [falls der Referenzsatz nicht EURIBOR ist, einfügen: Hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) dieser Angebotssätze [Im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge], wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Falls an einem Zinsfestlegungstag nur eine oder keine der Referenzbanken der Berechnungsstelle solche im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Zinssatz für die betreffende Zinsperiode der Satz per annum, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein [falls der Referenzsatz EURIBOR ist, einfügen: Tausendstel Prozent, wobei 0,0005] [falls der Referenzsatz nicht EURIBOR ist, einfügen: Hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) der Angebotssätze ermittelt, die die Referenzbanken bzw. zwei oder mehrere von ihnen der Berechnungsstelle auf deren Anfrage als den jeweiligen Satz nennen, zu dem ihnen um ca. 11.00 Uhr ([Brüsseler] [Londoner] Ortszeit) an dem betreffenden Zinsfestlegungstag Einlagen in der festgelegten Währung für die betreffende Zinsperiode von führenden Banken im [Londoner] [zutreffenden anderen Ort einfügen] Interbanken-Markt [der Euro-Zone] angeboten werden [Im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge]; falls weniger als zwei der Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, dann ist der Zinssatz für die betreffende Zinsperiode der Angebotssatz für Einlagen in der festgelegten Währung für die betreffende Zinsperiode oder das arithmetische Mittel (gerundet wie oben beschrieben) der Angebotssätze für Einlagen in der festgelegten Währung für die betreffende Zinsperiode, den bzw. die eine Bank oder mehrere Banken (die nach Ansicht der Berechnungsstelle und der Emittentin für diesen Zweck geeignet sind) der Berechnungsstelle als Sätze bekannt geben, die sie an dem betreffenden Zinsfestlegungstag gegenüber führenden Banken am [Londoner] [zutreffenden anderen Ort einfügen]

TARGET (Trans-European Automated Real-Time Gross Settlement Express Transfer System) is operating.] **[In case of a non-TARGET Business Day insert:** “[London] [insert other relevant location] Business Day” means a day which is a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency) in [London] [insert other relevant location].]

**[In the case of Margin insert:** “Margin” means [insert rate] per cent. per annum.]

“Screen Page” means [insert relevant Screen Page].

If, in the case of (b) above, five or more such offered quotations are available on the Screen Page, the highest (or, if there is more than one such highest rate, only one of such rates) and the lowest (or, if there is more than one such lowest rate, only one of such rates) shall be disregarded by the Calculation Agent for the purposes of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply throughout this paragraph (2).

If the Screen Page is not available or if, in the case of (a) above, no such quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at such time, the Calculation Agent shall request the principal [Euro-zone (as defined below)] [London] [insert other relevant location] office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the [London] [insert other relevant location] interbank market [of the Euro-zone] at approximately 11.00 a.m. ([Brussels] [London] time) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one [if the Reference Rate is EURIBOR insert: thousandth of a percentage point, with 0.0005] [if the Reference Rate is not EURIBOR insert: hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of such offered quotations [in the case of Margin insert: [plus] [minus] the Margin], all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as specified in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one [if the Reference Rate is EURIBOR insert: thousandth of a percentage point, with 0.0005] [if the Reference Rate is not EURIBOR insert: hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at 11.00 a.m. ([Brussels] [London] time) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the [London] [insert the relevant location] interbank market [of the Euro-zone] [in the case of Margin insert: [plus] [minus] the Margin] 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 the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, on the relevant Interest Determination Date, any one bank or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the [London] [insert the relevant location] interbank market [of the Euro-zone] (or, as the case may be, the

Interbanken-Markt [der Euro-Zone] nennen (bzw. den diese Banken gegenüber der Berechnungsstelle nennen) **[Im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge]. Für den Fall, dass der Zinssatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, ist der Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem diese Angebotssätze angezeigt wurden **[Im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge (wobei jedoch, falls für die relevante Zinsperiode eine andere Marge als für die unmittelbar vorhergehende Zinsperiode gilt, die relevante Marge an die Stelle der Marge für die vorhergehende Zinsperiode tritt)].

„Referenzbanken“ bezeichnen **[falls im Konditionenblatt keine anderen Referenzbanken bestimmt werden, einfügen:** im vorstehenden Fall (a) diejenigen Niederlassungen von vier derjenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde, und im vorstehenden Fall (b) diejenigen Banken, deren Angebotssätze zuletzt zu dem Zeitpunkt auf der maßgeblichen Bildschirmseite angezeigt wurden, als nicht weniger als drei solcher Angebotssätze angezeigt wurden] **[falls im Konditionenblatt andere Referenzbanken bestimmt werden, sind sie hier einzufügen].**

**[Im Fall des Interbanken-Marktes der Euro-Zone einfügen:** „Euro-Zone“ bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992) und den Amsterdamer Vertrag vom 2. Oktober 1997, in seiner jeweiligen Fassung, die einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.]

**[Wenn der Referenzsatz ein anderer als EURIBOR oder LIBOR ist, sind die entsprechenden Einzelheiten anstelle der Bestimmungen dieses Absatzes (2) einzufügen]**

**[Sofern ISDA-Feststellung gelten soll, sind die entsprechenden Bestimmungen einzufügen und die von der International Swaps and Derivatives Association veröffentlichten 2000 ISDA-Definitionen beizufügen]**

**[Sofern eine andere Methode der Feststellung anwendbar ist, sind die entsprechenden Einzelheiten anstelle der Bestimmungen dieses Absatzes (2) einzufügen]**

**[Falls ein Mindest- und/oder Höchstzinssatz gilt, einfügen:**

(3) **[Mindest-] [und] [Höchst-] Zinssatz.**

**[Falls ein Mindestzinssatz gilt, einfügen:** Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz niedriger ist als **[Mindestzinssatz einfügen]**, so ist der Zinssatz für diese Zinsperiode **[Mindestzinssatz einfügen].**

**[Falls ein Höchstzinssatz gilt, einfügen:** Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz höher ist als **[Höchstzinssatz einfügen]**, so ist der Zinssatz für diese Zinsperiode **[Höchstzinssatz einfügen].**

**[(4)] Zinsbetrag.** Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den auf die Schuldverschreibungen zahlbaren Zinsbetrag in bezug auf jede festgelegte Stückelung (der „Zinsbetrag“) für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf jede festgelegte Stückelung angewendet werden, wobei der resultierende Betrag **[falls die festgelegte Währung Euro ist einfügen:** auf den nächsten 0,01 Euro

quotations of such bank or banks to the Calculation Agent) **[in the case of Margin insert:** [plus] [minus] the Margin]. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered **[in the case of Margin insert:** [plus] [minus] the Margin (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period)].

As used herein, “Reference Banks” means **[if no other Reference Banks are specified in the Pricing Supplement, insert:** in the case of (a) above, those offices of four of such banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page and, in the case of (b) above, those banks whose offered quotations last appeared on the Screen Page when no fewer than three such offered quotations appeared] **[if other Reference Banks are specified in the Pricing Supplement, insert names here].**

**[In case of the Interbank market of the Euro-Zone insert:** “Euro-Zone” means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March, 1957), as amended by the Treaty on European Union (signed in Maastricht on 7th February, 1992) and the Amsterdam Treaty of 2nd October, 1997, as further amended from time to time.]

**[If Reference Rate is other than EURIBOR or LIBOR, insert relevant details in lieu of the provisions of this paragraph (2)]**

**[If ISDA Determination applies insert the relevant provisions and attach the 2000 ISDA Definitions published by the International Swaps and Derivatives Association]]**

**[If other method of determination applies, insert relevant details in lieu of the provisions of this paragraph (2)]**

**[If Minimum and/or Maximum Rate of Interest applies insert:**

(3) **[Minimum] [and] [Maximum] Rate of Interest.**

**[If Minimum Rate of Interest applies insert:** If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than **[insert Minimum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Minimum Rate of Interest].**

**[If Maximum Rate of Interest applies insert:** If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is greater than **[insert Maximum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Maximum Rate of Interest].**

**[(4)] Interest Amount.** The Calculation Agent will, on or as soon as practicable after each date at which the Rate of Interest is to be determined, calculate the amount of interest (the “Interest Amount”) payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resulting figure **[if the Specified Currency is Euro insert:** to the nearest 0.01 Euro,



auf- oder abgerundet wird, wobei 0,005 Euro aufgerundet werden] **[falls die festgelegte Währung nicht Euro ist, einfügen:** auf die kleinste Einheit der festgelegten Währung auf- oder abgerundet wird, wobei 0,5 solcher Einheiten aufgerundet werden].

**[(5)] *Mitteilungen von Zinssatz und Zinsbetrag.*** Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der relevante Zinszahlungstag der Emittentin und den Gläubigern gemäß § [12] baldmöglichst, aber keinesfalls später als am vierten auf die Berechnung jeweils folgenden Geschäftstag (wie nachstehend definiert), und jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, umgehend, aber keinesfalls später als zu Beginn der jeweiligen Zinsperiode mitgeteilt werden. Im Falle einer Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, sowie den Gläubigern gemäß § [12] mitgeteilt.

Im Rahmen dieses Paragraphen bezeichnet „Geschäftstag“ einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken in **[Ort der bezeichneten Geschäftsstelle der Berechnungsstelle einfügen]** für Geschäfte geöffnet sind.

**[(6)] *Verbindlichkeit der Festsetzungen.*** Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Emissionsstelle, die Zahlstellen und die Gläubiger bindend.

**[(7)] *Zinslauf.*** Der Zinslauf der Schuldverschreibungen endet am dem Tag, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrags der Schuldverschreibungen nicht am Fälligkeitstag, sondern erst mit der tatsächlichen Rückzahlung der Schuldverschreibungen. Der jeweils geltende Zinssatz wird gemäß diesem § 3 bestimmt. Weitergehende Ansprüche der Gläubiger bleiben unberührt.]

**[(C) Bei Nullkupon-Schuldverschreibungen einfügen:**

(1) *Keine periodischen Zinszahlungen.* Es erfolgen keine periodischen Zinszahlungen auf die Schuldverschreibungen.

(2) *Zinslauf.* Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, fallen auf den ausstehenden Nennbetrag der Schuldverschreibungen ab dem Fälligkeitstag (einschließlich) bis zum Tag der tatsächlichen Rückzahlung (ausschließlich) Zinsen in Höhe von **[Emissionsrendite einfügen]** per annum an.] Weitergehende Ansprüche der Gläubiger bleiben unberührt.]

**[Im Fall von festverzinslichen Schuldverschreibungen, variabel verzinslichen Schuldverschreibungen und Nullkupon-Schuldverschreibungen einfügen:**

**[(\*)] *Zinstagequotient.*** „Zinstagequotient“ bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der „Zinsberechnungszeitraum“):]

0.005 Euro being rounded upwards.] **[if the Specified Currency is not Euro insert:** to the nearest minimum unit of the Specified Currency, with 0.5 of such unit being rounded upwards].

**[(5)] *Notification of Rate of Interest and Interest Amount.*** The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and to the Holders in accordance with § [12] as soon as possible after their determination, but in no event later than the fourth Business Day (as defined below) thereafter and, if required by the rules of any stock exchange on which the Notes are from time to time listed, to such stock exchange, as soon as possible after their determination, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified 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. Any such amendment will be promptly notified to any stock exchange on which the Notes are then listed and to the Holders in accordance with § [12].

For the purposes of this paragraph “Business Day” means a day which is a day (other than a Saturday or a Sunday) on which commercial banks are open for business in **[insert place of specified office of the Calculation Agent]**.

**[(6)] *Determinations Binding.*** All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Holders.

**[(7)] *Accrual of Interest.*** The Notes shall cease to bear interest from their due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until actual redemption of the Notes. The applicable Rate of Interest will be determined in accordance with this § 3. This does not affect any additional rights that might be available to the Holders.]

**[(C) In the case of Zero Coupon Notes insert:**

(1) *No Periodic Payments of Interest.* There will not be any periodic payments of interest on the Notes.

(2) *Accrual of Interest.* If the Issuer fails to redeem the Notes when due, interest shall accrue on the outstanding principal amount of the Notes as from, and including, the due date to, but excluding, the date of actual redemption at the rate of **[insert Amortisation Yield]** per annum.] This does not affect any additional rights that might be available to the Holders.]

**[In the case of Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes insert:**

**[(\*)] *Day Count Fraction.*** “Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (the “Calculation Period“):]

**Im Fall von festverzinslichen Schuldverschreibungen und Actual/Actual (ISMA) einfügen:**

1. im Falle von Schuldverschreibungen, bei denen die Anzahl der Tage in der betreffenden Periode ab dem letzten Zinszahlungstag (oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (der „relevante Zeitraum“) kürzer ist als die Feststellungsperiode, in die das Ende des relevanten Zeitraums fällt, oder ihr entspricht, die Anzahl der Tage in dem betreffenden relevanten Zeitraum geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in §3(1) angegeben) in einem Kalenderjahr; oder

2. im Falle von Schuldverschreibungen, bei denen der relevante Zeitraum länger ist als die Feststellungsperiode, in die das Ende des relevanten Zeitraums fällt, die Summe

der Anzahl der Tage in dem relevanten Zeitraum, die in die Feststellungsperiode fallen, in welcher der relevante Zeitraum beginnt, geteilt durch das Produkt (x) der Anzahl der Tage in der Feststellungsperiode und (y) der Anzahl der Feststellungstermine (wie in §3(1) angegeben) in einem Kalenderjahr; und

der Anzahl der Tage in dem relevanten Zeitraum, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (x) der Anzahl der Tage in dieser Feststellungsperiode und (y) der Anzahl der Feststellungstermine (wie in §3(1) angegeben) in einem Kalenderjahr.

„Feststellungsperiode“ ist die Periode ab einem Zinszahlungstag (oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum nächsten (oder ersten) Zinszahlungstag (ausschließlich desselben).]

**Im Fall von festverzinslichen Schuldverschreibungen und 30/360 einfügen:** die Anzahl von Tagen in der Periode ab dem letzten Zinszahlungstag (oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (wobei die Zahl der Tage auf der Basis von 12 Monaten zu jeweils 30 Tagen berechnet wird), geteilt durch 360.]

**Im Fall von Actual/Actual (Actual/365) einfügen:** die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 365 (oder, falls ein Teil des Zinsberechnungszeitraumes in ein Schaltjahr fällt, die Summe von (A) der tatsächlichen Anzahl von Tagen in dem Teil des Zinsberechnungszeitraums, die in das Schaltjahr fallen, dividiert durch 366 und (B) die tatsächliche Anzahl von Tagen in dem Teil des Zinsberechnungszeitraums, die nicht in ein Schaltjahr fallen, dividiert durch 365).]

**Im Fall von Actual/365 (Fixed) einfügen:** die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 365.]

**Im Fall von Actual/360 einfügen:** die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360.]

**Im Fall von 30/360, 360/360 oder Bond Basis einfügen:** die Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360, wobei die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten zu je 30 Tagen zu ermitteln ist (es sei denn, (A) der letzte Tag des Zinsberechnungszeitraums fällt auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraums weder auf den 30. noch auf den 31. Tag eines Monats fällt, wobei in diesem Fall der den letzten Tag enthaltende Monat nicht als ein auf 30 Tage gekürzter Monat zu behandeln ist, oder (B) der letzte Tag des Zinsberechnungszeitraums fällt auf den letzten Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).]

**Im Fall von Fixed Rate Notes und if Actual/Actual (ISMA) insert:**

1. in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in §3(1)) that would occur in one calendar year; or

2. in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in §3(1)) that would occur in one calendar year; and

the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in §3(1)) that would occur in one calendar year.

“Determination Period” means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to, but excluding, the next (or first) Interest Payment Date.]

**Im Fall von Fixed Rate Notes und if 30/360 insert:** the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.]

**Im Fall von Actual/Actual (Actual/365) insert:** the actual number of days in the Calculation Period divided by 365 (or, if any calculation portion of that 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 not falling in a leap year divided by 365).]

**Im Fall von Actual/365 (Fixed) insert:** the actual number of days in the Calculation Period divided by 365.]

**Im Fall von Actual/360 insert:** the actual number of days in the Calculation Period divided by 360.]

**Im Fall von 30/360, 360/360 or Bond Basis insert:** the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).]

**[Im Fall von 30E/360 oder Eurobond Basis einfügen:** die Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 360 (dabei ist die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit 12 Monaten zu 30 Tagen zu ermitteln, und zwar ohne Berücksichtigung des Datums des ersten oder letzten Tages des Zinsberechnungszeitraums, es sei denn, der Fälligkeitstag des letzten Zinsberechnungszeitraums ist der letzte Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).]

**[(D) Bei Doppelwährungs-Schuldverschreibungen, teileingezahlten Schuldverschreibungen, Index-Schuldverschreibungen, Raten-Schuldverschreibungen oder sonstige Strukturierte Schuldverschreibungen anwendbare Bestimmungen hier einfügen.]**

#### §4 ZAHLUNGEN

(1) [(a)] *Zahlungen auf Kapital.* Zahlungen von Kapital in bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Schuldverschreibungen zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

**[Bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind, einfügen:**

(b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

**[Bei Zinszahlungen auf eine vorläufige Globalurkunde einfügen:** Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (3) (b).]

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten.* Für die Zwecke des **[Im Fall von TEFRA D Schuldverschreibungen einfügen:** § 1 (3) und des] Absatzes (1) dieses § 4 bezeichnet „Vereinigte Staaten“ die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des „District of Columbia“) sowie deren Territorien (einschließlich Puerto Ricos, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungsverpflichtung befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag (wie nachstehend definiert) ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. Für diese Zwecke bezeichnet „Zahltage“ einen Tag (außer einem Samstag oder Sonntag), an dem (i) Geschäftsbanken und Devisenmärkte Zahlungen am jeweiligen Ort der Vorlage abwickeln und sowohl (ii) das Clearing System und (iii) **[falls die festgelegte Währung nicht Euro ist, einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren**

**[if 30E/360 or Eurobond Basis:** the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]

**[(D) In the case of Dual Currency Notes, Partly Paid Notes, Index-Linked Notes, Instalment Notes or other Structured Notes insert applicable provisions herein.]**

#### §4 PAYMENTS

(1) [(a)] *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Fiscal Agent outside the United States.

**[In the case of Notes other than Zero Coupon Notes insert:**

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.

**[In the case of interest payable on a Temporary Global Note insert:** Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1 (3) (b).]

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *United States.* For purposes of **[in the case of TEFRA D Notes insert:** § 1 (3) and] paragraph (1) of this § 4, “United States” means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day (as defined below) then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “Payment Business Day” means a day which is a day (other than a Saturday or a Sunday) on which (i) commercial banks and foreign exchange markets settle payments in the relevant place of presentation and both (ii) the Clearing System, and (iii) **[if the Specified Currency is not Euro insert:** commercial banks and foreign exchange markets in **[insert all relevant financial centres]** **[if the**

**einfügen]** [falls die festgelegte Währung Euro ist, einfügen: das Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET)] Zahlungen abwickeln.

(6) **Bezugnahmen auf Kapital [falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen: und Zinsen].** Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen (wie in § 5 (1) angegeben); **[Im Fall von nicht nachrangigen Schuldverschreibungen oder falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen (wie nachstehend angegeben);] **[falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen aus anderen als steuerlichen Gründen vorzeitig zurückzuzahlen, einfügen:** den Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibungen (wie nachstehend angegeben);] **[falls der Gläubiger ein Wahlrecht hat, die Schuldverschreibungen vorzeitig zu kündigen, einfügen:** den Wahl-Rückzahlungsbetrag (Put) der Schuldverschreibungen (wie nachstehend angegeben);] **[Im Fall von Nullkupon-Schuldverschreibungen außer nachrangigen Schuldverschreibungen in Fällen, in denen vorzeitige Rückzahlung aus steuerlichen Gründen nicht anwendbar ist, einfügen:** den Amortisationsbetrag der Schuldverschreibungen (wie nachstehend angegeben);] **[Im Fall von Raten-Schuldverschreibungen einfügen:** die auf die Schuldverschreibungen zu leistende(n) Rate(n) (wie in § 5 (1) angegeben);] sowie jeden Aufschlag sowie sonstige auf oder in bezug auf die Schuldverschreibungen zahlbaren Beträge. **[Falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf Schuldverschreibungen schließen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge (wie in § 7 definiert) ein.]

(7) **Hinterlegung von Kapital und Zinsen.** Die Emittentin ist berechtigt, beim Amtsgericht Düsseldorf Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht im Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) **Rückzahlung bei Endfälligkeit.**

**[Bei Schuldverschreibungen, die keine Raten-Schuldverschreibungen sind, einfügen:**

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am **[Im Fall eines festgelegten Fälligkeitstages Fälligkeitstag einfügen]** **[Im Fall eines Rückzahlungsmonats einfügen:** in den **[Rückzahlungsmonat einfügen]** fallenden Zinszahlungstag] (der „Fälligkeitstag“) zurückgezahlt. Der Rückzahlungsbetrag in bezug auf jede Schuldverschreibung entspricht **[falls die Schuldverschreibungen zu ihrem Nennbetrag zurückgezahlt werden, einfügen:** dem Nennbetrag der Schuldverschreibungen] **[ansonsten den Rückzahlungsbetrag für die jeweilige Stückelung einfügen].]**

**[Bei Raten-Schuldverschreibungen einfügen:**

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen an dem/den nachstehenden Ratenzahlungstermin(en) zu der/den folgenden Rate(n) zurückgezahlt:

Ratenzahlungstermin(e)/Raten (je festgelegte Stückelung)  
**[einfügen]**

•  
•]

**Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET)] settle payments.

(6) **References to Principal [if Notes are subject to Early Redemption for Reasons of Taxation insert: and Interest].** References in these Terms and Conditions of the Notes to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes (as specified in § 5 (1)); **[in the case of unsubordinated Notes or if Notes are subject to Early Redemption for Reasons of Taxation insert:** the Early Redemption Amount of the Notes (as specified below);] **[if redeemable at the option of the Issuer for other than Reasons for Taxation insert:** the Call Redemption Amount of the Notes (as specified below);] **[if redeemable at the option of the Holder insert:** the Put Redemption Amount of the Notes (as specified below);] **[in the case of Zero Coupon Notes except in the case of subordinated Notes which are not subject to Early Redemption for Reasons of Taxation insert:** the Amortised Face Amount of the Notes (as specified below);] **[in the case of Instalment Notes insert:** the Instalment Amount(s) of the Notes (as specified in § 5 (1));] and any premium and any other amounts which may be payable under or in respect of the Notes. **[If Notes are subject to Early Redemption for Reasons of Taxation insert:** References in these Terms and Conditions of the Notes to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts (as defined in § 7) which may be payable under § 7.]

(7) **Deposit of Principal and Interest.** The Issuer may deposit with the *Amtsgericht* in Düsseldorf principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

## § 5 REDEMPTION

(1) **Redemption at Maturity.**

**[In the case of Notes other than Instalment Notes insert:**

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[in the case of a specified Maturity Date insert such Maturity Date]** **[in the case of a Redemption Month insert:** the Interest Payment Date falling in **[insert Redemption Month]** (the “Maturity Date”). The Final Redemption Amount in respect of each Note shall be **[if the Notes are redeemed at their principal amount insert:** its principal amount] **[otherwise insert Final Redemption Amount per denomination].]**

**[In the case of Instalment Notes insert:**

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed on the Instalment Date(s) and in the Instalment Amount(s) set forth below:

Instalment Date(s)/Instalment Amounts (per Specified Denomination)  
**[insert]**

•  
•]

**[Falls bei den Schuldverschreibungen eine vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:**

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin **[Im Fall von festverzinslichen Schuldverschreibungen einfügen: jederzeit] [Im Fall von variabel verzinslichen Schuldverschreibungen, Index-Schuldverschreibungen oder Doppelwährungsschuldverschreibungen einfügen: an jedem Zinszahlungstag]** mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber der Emissionsstelle und gemäß § [12] gegenüber den Gläubigern gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) **[Im Fall von Schuldverschreibungen, die nicht Nullkupon-Schuldverschreibungen sind, einfügen: am nächstfolgenden Zinszahlungstag (wie in § 3 (1) definiert)] [Im Fall von Nullkupon-Schuldverschreibungen einfügen: bei Fälligkeit oder im Falle des Verkaufs oder Tauschs einer Schuldverschreibung]** zur Zahlung von zusätzlichen Beträgen (wie in § 7 definiert) verpflichtet sein wird.

Eine solche Kündigung hat gemäß § [12] zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, die die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.]

**[Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzahlen, einfügen:**

**[(3)] Vorzeitige Rückzahlung nach Wahl der Emittentin.**

(a) Die Emittentin kann, nachdem sie gemäß Unterabsatz (b) gekündigt hat, die Schuldverschreibungen insgesamt oder teilweise am/an den Wahl-Rückzahlungstag(en) (Call) zum/zu den Wahl-Rückzahlungsbetrag/-beträgen (Call), wie nachstehend angegeben, nebst etwaigen bis zum Wahl-Rückzahlungstag (Call) (ausschließlich) aufgelaufenen Zinsen zurückzahlen. **[Bei Geltung eines Mindestrückzahlungsbetrages oder eines erhöhten Rückzahlungsbetrages einfügen: Eine solche Rückzahlung muss in Höhe eines Nennbetrages von [mindestens [Mindestrückzahlungsbetrag einfügen]] [erhöhten Rückzahlungsbetrag einfügen]]** erfolgen.]

Wahl-Rückzahlungstag(e) (Call)/Wahl-Rückzahlungsbetrag/-beträge (Call)  
**[einfügen]**

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**[Falls der Gläubiger das Wahlrecht hat, die Schuldverschreibungen vorzeitigem Rückzahlung zu kündigen, einfügen:** Der Emittentin steht dieses Wahlrecht nicht in bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der Gläubiger in Ausübung seines Wahlrechts nach Absatz [(4)] dieses § 5 verlangt hat.]

(b) Die Kündigung ist den Gläubigern der Schuldverschreibungen durch die Emittentin gemäß § [12] bekanntzugeben. Sie ist unwiderruflich und beinhaltet die folgenden Angaben:

**[If Notes are subject to Early Redemption for Reasons of Taxation insert:**

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued, the Issuer is required to pay Additional Amounts (as defined in § 7) **[in the case of Notes other than Zero Coupon Notes insert: on the next succeeding Interest Payment Date (as defined in § 3 (1)) [in the case of Zero Coupon Notes insert: at maturity or upon the sale or exchange of any Note], the Notes may be redeemed, in whole but not in part, at the option of the Issuer [In the case of Fixed Rate Notes insert: at any time] [In the case of Floating Rate Notes, Index Linked Notes or Dual Currency Notes insert: on any Interest Payment Date]** on giving not more than 60 days' nor less than 30 days' prior notice of redemption to the Fiscal Agent and, in accordance with § [12], to the Holders, at their Early Redemption Amount together with interest, if any, accrued to the date fixed for redemption.

Any such notice shall be given in accordance with § [12]. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.]

**[If Notes are subject to Early Redemption at the Option of the Issuer insert:**

**[(3)] Early Redemption at the Option of the Issuer.**

(a) The Issuer may, upon notice given in accordance with subparagraph (b), redeem [all] [some] of the Notes on the Call Redemption Date[s] at the Call Redemption Amount(s) set forth below together with accrued interest, if any, to (but excluding) the Call Redemption Date. **[If Minimum Redemption Amount or Higher Redemption Amount applies insert: Any such redemption must be of a principal amount equal to [at least [insert [Minimum Redemption Amount] [Higher Redemption Amount].]**

Call Redemption Date(s)/ Call Redemption Amount(s)  
**[insert]**

- 
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**[If Notes are subject to Early Redemption at the Option of the Holder insert:** The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under paragraph [(4)] of this § 5.]

(b) Notice of redemption shall be given by the Issuer to the Holders of the Notes in accordance with § [12]. Such notice shall be irrevocable and shall specify:

- (i) die zurückzuzahlende Serie von Schuldverschreibungen;
- (ii) eine Erklärung, ob diese Serie ganz oder teilweise zurückgezahlt wird und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen;
- (iii) den Wahl-Rückzahlungstag (Call), der nicht weniger als **[Mindestkündigungsfrist einfügen]** und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Gläubigern liegen darf; und
- (iv) den Wahl-Rückzahlungsbetrag (Call), zu dem die betreffenden Schuldverschreibungen zurückgezahlt werden.

(c) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen nach den Regeln des betreffenden Clearing Systems ausgewählt.]

**[Falls der Gläubiger das Wahlrecht hat, die Schuldverschreibungen zur vorzeitigen Rückzahlung zu kündigen, einfügen:**

**[(4)] Vorzeitige Rückzahlung nach Wahl des Gläubigers.**

(a) Die Emittentin hat eine Schuldverschreibung nach Ausübung des entsprechenden Wahlrechts durch den Gläubiger am/an den Wahl-Rückzahlungstag(en) (Put) zum/zu den Wahl-Rückzahlungsbetrag/- beträgen (Put), wie nachstehend angegeben, nebst etwaigen bis zum Wahl-Rückzahlungstag (Put) (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.

Wahl-Rückzahlungstag(e) (Put)  
Wahl-Rückzahlungsbetrag/-beträge (Put)  
**[einfügen]**

- 
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**[Falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist oder falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen aus anderen als steuerlichen Gründen vorzeitig zurückzuzahlen, einfügen:**

Dem Gläubiger steht dieses Wahlrecht nicht in bezug auf eine Schuldverschreibung zu, deren Rückzahlung die Emittentin zuvor in Ausübung ihres Wahlrechts nach Absatz [(2)] [(3)] dieses § 5 verlangt hat.]

(b) Um dieses Wahlrecht auszuüben, hat der Gläubiger nicht weniger als **[Mindestkündigungsfrist einfügen]** Tage und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage vor dem Wahl-Rückzahlungstag (Put), an dem die Rückzahlung gemäß der Ausübungserklärung (wie nachstehend definiert) erfolgen soll, bei der bezeichneten Geschäftsstelle der Emissionsstelle während der normalen Geschäftszeiten eine ordnungsgemäß ausgefüllte Mitteilung zur vorzeitigen Rückzahlung („Ausübungserklärung“), wie sie von der bezeichneten Geschäftsstelle der Emissionsstelle erhältlich ist, zu hinterlegen. Die Ausübung des Wahlrechts kann nicht widerrufen werden. Um das Recht, Rückzahlung verlangen zu können, auszuüben, muss der Gläubiger dann, wenn die Schuldverschreibungen über Euroclear oder CBL gehalten werden, innerhalb der Kündigungsfrist die Emissionsstelle über eine solche Rechtsausübung in Übereinstimmung mit den Richtlinien von Euroclear und CBL in einer für Euroclear und CBL jeweils akzeptablen Weise in Kenntnis setzen (wobei diese Richtlinien vorsehen können, dass die Emissionsstelle auf Weisung des Gläubigers von Euroclear oder CBL oder einer gemeinsamen Verwahrstelle in elektronischer Form über die Rechtsausübung in Kenntnis gesetzt wird). Weiterhin ist für die Rechtsausübung erforderlich, dass zur Vornahme entsprechender Vermerke der Gläubiger zugleich

- (i) the Series of Notes subject to redemption;
- (ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed;
- (iii) the Call Redemption Date, which shall be not less than **[insert Minimum Notice to Holders]** nor more than **[insert Maximum Notice to Holders]** days after the date on which notice is given by the Issuer to the Holders; and
- (iv) the Call Redemption Amount at which such Notes are to be redeemed.

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System.]

**[If the Notes are subject to Early Redemption at the Option of a Holder insert:**

**[(4)] Early Redemption at the Option of a Holder.**

(a) The Issuer shall, at the option of the Holder of any Note, redeem such Note on the Put Redemption Date(s) at the Put Redemption Amount(s) set forth below together with accrued interest, if any, to (but excluding) the Put Redemption Date.

Put Redemption Date(s)/Put  
Redemption Amount(s)  
**[insert]**

- 
- 

**[If Notes are subject to Early Redemption for Reasons of Taxation or if Notes are subject to Early Redemption at the Option of the Issuer insert:**

The Holder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer thereof of its option to redeem such Note under paragraph [(2)] [(3)] of this § 5.]

(b) In order to exercise such option, the Holder must, not less than **[insert Minimum Notice to Issuer]** nor more than **[insert Maximum Notice to Issuer]** days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice (as defined below), submit during normal business hours at the specified office of the Fiscal Agent a duly completed early redemption notice (“Put Notice”) in the form available from the specified office of the Fiscal Agent. No option so exercised may be revoked or withdrawn. If these Notes are held through Euroclear or CBL, to exercise the right to require redemption of these Notes the Holder must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and CBL (which may include notice being given on his instruction by Euroclear or CBL or any common depositary for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and CBL from time to time and at the same time present or procure the presentation of the relevant Global Note to the Fiscal Agent for notation accordingly.]

die maßgebliche Globalurkunde der Emissionsstelle vorlegt bzw. die Vorlegung der maßgeblichen Globalurkunde veranlasst.]

**[Bei nicht nachrangigen Schuldverschreibungen (außer Nullkupon-Schuldverschreibungen) einfügen:**

**[(5)] Vorzeitiger Rückzahlungsbetrag.**

Für die Zwecke von **[falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** Absatz (2) dieses § 5 und] § 9 entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.]

**[Bei nachrangigen Schuldverschreibungen (außer Nullkupon-Schuldverschreibungen) falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:**

**[(5)] Vorzeitiger Rückzahlungsbetrag.**

Für die Zwecke des Absatzes (2) dieses § 5 entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.]

**[Bei nicht nachrangigen Nullkupon-Schuldverschreibungen oder im Fall von nachrangigen Nullkupon-Schuldverschreibungen, falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:**

**[(5)] Vorzeitiger Rückzahlungsbetrag.**

(a) Für die Zwecke des **[falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** Absatz (2) dieses § 5] **[im Fall von nicht nachrangigen Schuldverschreibungen einfügen:** [und des] § 9], entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Amortisationsbetrag einer Schuldverschreibung.

(b) Der Amortisationsbetrag einer Schuldverschreibung entspricht der Summe aus:

(i) **[Referenzpreis einfügen]** (der „Referenzpreis“) und

(ii) dem Produkt aus **[Emissionsrendite einfügen]** (jährlich kapitalisiert) und dem Referenzpreis ab dem **[Verzinsungsbeginn einfügen]** (einschließlich) bis zu dem vorgesehenen Rückzahlungstag oder (je nachdem) dem Tag, an dem die Schuldverschreibung fällig und rückzahlbar wird (ausschließlich).

Wenn diese Berechnung für einen Zeitraum, der nicht vollen Jahren entspricht, durchzuführen ist, hat sie im Falle des nicht vollständigen Jahres auf der Grundlage des Zinstagequotienten (wie in § 3 definiert) zu erfolgen.

(c) Falls die Emittentin den vorzeitigen Rückzahlungsbetrag bei Fälligkeit nicht zahlt, wird der Amortisationsbetrag einer Schuldverschreibung wie vorstehend beschrieben berechnet, jedoch mit der Maßgabe, dass die Bezugnahmen in Unterabsatz (b) (ii) auf den vorgesehenen Rückzahlungstag oder den Tag, an dem diese Schuldverschreibung fällig und rückzahlbar wird, durch den früheren der nachstehenden Zeitpunkte ersetzt werden: (i) der Tag, an dem die Zahlung gegen ordnungsgemäße Vorlage und Einreichung der betreffenden Schuldverschreibung (sofern erforderlich) erfolgt, und (ii) der fünfte Tag, nachdem die Emissionsstelle gemäß § [12] mitgeteilt hat, dass ihr die für die Rückzahlung erforderlichen Mittel zur Verfügung gestellt wurden.]

**[In the case of unsubordinated Notes other than Zero Coupon Notes insert:**

**[(5)] Early Redemption Amount.**

For purposes of **[if Notes are subject to Early Redemption for Reasons of Taxation insert:** paragraph (2) of this § 5 and] § 9, the Early Redemption Amount of a Note shall be its Final Redemption Amount.]

**[In the case of subordinated Notes other than Zero Coupon Notes if Notes are subject to Early Redemption for Reasons of Taxation insert:**

**[(5)] Early Redemption Amount.**

For purposes of paragraph (2) of this § 5, the Early Redemption Amount of a Note shall be its Final Redemption Amount.]

**[In the case of unsubordinated Zero Coupon Notes or in the case of subordinated Zero Coupon Notes if Notes are subject to Early Redemption for Reasons of Taxation insert:**

**[(5)] Early Redemption Amount.**

(a) For purposes **[if the Notes are subject to Early Redemption for Reasons of Taxation insert:** of paragraph (2) of this § 5] **[in the case of unsubordinated Notes insert:** [and] § 9], the Early Redemption Amount of a Note shall be equal to the Amortised Face Amount of a Note.

(b) The Amortised Face Amount of a Note shall be an amount equal to the sum of:

(i) **[insert Reference Price]** (the “Reference Price“) and

(ii) the product of **[insert Amortisation Yield]** (compounded annually) and the Reference Price from (and including) **[insert Interest Commencement Date]** to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in § 3).

(c) If the Issuer fails to pay the Early Redemption Amount when due, the Amortised Face Amount of a Note shall be calculated as provided herein, except that references in subparagraph (b) (ii) to the date fixed for redemption or the date on which such Note becomes due and repayable shall refer to the earlier of the following dates (i) the date on which upon due presentation and surrender of the relevant Note (if required), payment is made, and (ii) the fifth day after notice has been given by the Fiscal Agent in accordance with § [12] that the funds required for redemption have been provided to the Fiscal Agent.]

§ 6  
DIE EMISSIONSSTELLE [UND] [,] DIE  
ZAHLSTELLEN [UND DIE  
BERECHNUNGSSTELLE]

(1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle[,] [und] die Zahlstellen [und die Berechnungsstelle] und deren anfänglich bezeichneten Geschäftsstellen lauten wie folgt:

Emissionsstelle:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA  
United Kingdom

Zahlstellen:

WestLB AG  
Herzogstraße 15  
40217 Düsseldorf  
Germany

WestLB International S.A.  
32-34 boulevard Grand-Duchesse Charlotte  
L-2014 Luxembourg

**[andere Zahlstellen und bezeichnete Geschäftsstellen einfügen]**

[Berechnungsstelle:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA]

Die Emissionsstelle[,] [und] die Zahlstellen [und die Berechnungsstelle] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle [oder der Berechnungsstelle] zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen [oder eine andere Berechnungsstelle] zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten [,] [und] [(ii) eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in einer europäischen Stadt unterhalten] **im Fall von Schuldverschreibungen, die an einer Börse notiert sind, einfügen: [,] [und] [(iii) solange die Schuldverschreibungen an der [Name der Börse] notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in [Sitz der Börse] und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen] **im Fall von Zahlungen in US-Dollar einfügen: [,] [und] [(iv) falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in US-Dollar widerrechtlich oder tatsächlich ausgeschlossen werden, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City unterhalten] **falls eine Berechnungsstelle bestellt werden soll, einfügen: [,] [und] [(v) eine Berechnungsstelle **falls die Berechnungsstelle eine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort zu unterhalten hat, einfügen:** mit bezeichneter Geschäftsstelle in **[vorgeschriebenen Ort einfügen]** unterhalten]. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § [12] vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.******

§ 6  
FISCAL AGENT [,] [AND] PAYING  
AGENTS [AND CALCULATION AGENT]

(1) *Appointment; specified offices.* The initial Fiscal Agent[,] [and] Paying Agents [and the Calculation Agent] and their respective initial specified offices are:

Fiscal Agent:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA  
United Kingdom

Paying Agents:

WestLB AG  
Herzogstraße 15  
40217 Düsseldorf  
Germany

WestLB International S.A.  
32-34 boulevard Grand-Duchesse Charlotte  
L-2014 Luxembourg

**[insert other Paying Agents and specified offices]**

[Calculation Agent:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA]

The Fiscal Agent [,] [and] the Paying Agents [and the Calculation Agent] reserve the right at any time to change their respective specified offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent [or the Calculation Agent] and to appoint another Fiscal Agent or additional or other Paying Agents [or another Calculation Agent]. The Issuer shall at all times maintain (i) a Fiscal Agent [,] [and] [(ii) a Paying Agent (which may be the Fiscal Agent) with a specified office in a European city] **in the case of Notes listed on a stock exchange insert: [,] [and] [(iii) so long as the Notes are listed on the [name of Stock Exchange], a Paying Agent (which may be the Fiscal Agent) with a specified office in [location of Stock Exchange] and/or in such other place as may be required by the rules of such stock exchange] **in the case of payments in U.S. dollars insert: [,] [and] [(iv) if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 (3)) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City] **if any Calculation Agent is to be appointed insert: [,] [and] [(v) a Calculation Agent **if Calculation Agent is required to maintain a specified office in [insert Required Location].** Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § [12].******



(3) *Beauftragte der Emittentin.* Die Emissionsstelle[,] [und] die Zahlstellen [und die Berechnungsstelle] handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

## § 7 STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug an der Quelle von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben an der Quelle auferlegt, erhoben, eingezogen, einbehalten oder veranlagt werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. **[Falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** In diesem Fall wird die Emittentin im vollen, gesetzlich zulässigen Umfang diejenigen zusätzlichen Beträge (die „zusätzlichen Beträge“) zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlichen Beträge besteht jedoch nicht für solche Steuern und Abgaben, die:

(a) anders als durch Einbehalt oder Abzug von Zahlungen zu entrichten sind, die die Emittentin an den Inhaber der Schuldverschreibungen leistet, wie etwa im Wege des Zinsabschlags; oder

(b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

(c) (x) aufgrund oder infolge (i) eines internationalen Vertrages, dessen Partei die Bundesrepublik Deutschland ist, oder (ii) einer Verordnung oder Richtlinie aufgrund oder infolge eines solchen Vertrages auferlegt oder erhoben werden; oder

(y) auf eine Zahlung erhoben werden, die an eine natürliche Person vorgenommen wird und aufgrund der Richtlinie 2003/48/EG des Europäischen Rates oder einer anderen Richtlinie (die „Richtlinie“) zur Umsetzung der Schlussfolgerungen des ECOFIN-Ratstreffens vom 26. und 27. November 2000 über die Besteuerung von Einkommen aus Geldanlagen oder aufgrund einer Rechtsnorm erhoben werden, die der Umsetzung dieser Richtlinie dient, dieser entspricht oder zur Anpassung an die Richtlinie eingeführt wird; oder

(d) wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, falls dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § [12] wirksam wird; oder

(e) deswegen zu zahlen sind, weil eine Schuldverschreibung in der Bundesrepublik Deutschland zur Zahlung vorgelegt wird.]

(3) *Agents of the Issuer.* The Fiscal Agent[,] [and] the Paying Agents [and the Calculation Agent] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

## § 7 TAXATION

All amounts payable in respect of the Notes shall be made without withholding or deduction at source for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by way of withholding or deduction at source in, by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. **[If Notes are subject to Early Redemption for Reasons of Taxation insert:** In such event, the Issuer shall, to the fullest extent permitted by law, pay such additional amounts (the “Additional Amounts”) as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction except that no such Additional Amounts shall be payable on account of any taxes or duties which:

(a) are payable otherwise than by withholding or deduction from payments of principal or interest made by the Issuer to the bearer of the Notes, as, e.g. by way of a withholding on interest payments (*Zinsabschlag*), or

(b) are payable by reason of the Holder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or

(c) (x) are payable pursuant to, or as a consequence of (i) an international agreement, to which the Federal Republic of Germany is a party, or (ii) a directive or regulation passed pursuant to, or as a consequence of, such Agreement, or

(y) are payable on a payment to an individual and which are required to be levied pursuant to European Council Directive 2003/48/EC or any other directive (the “Directive”) implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or

(d) are payable by reason of a change of law that becomes effective more than 30 days after the relevant payment becomes due or is duly provided for and notice thereof is published in accordance with § [12], whichever occurs later; or

(e) are payable by reason of any Note being presented for payment in the Federal Republic of Germany.]

**§ 8  
VORLEGUNGSFRIST**

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre abgekürzt.

**[Bei nicht nachrangigen Schuldverschreibungen einfügen:**

**§ 9  
KÜNDIGUNG**

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine Schuldverschreibungen gemäß Absatz (2) zu kündigen und deren sofortige Rückzahlung zu ihrem vorzeitigen Rückzahlungsbetrag (wie in § 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

(a) die Emittentin Kapital oder Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag zahlt; oder

(b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen unterlässt, und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als 60 Tage fort dauert, nachdem die Emissionsstelle hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder

(c) die Emittentin ihre Zahlungsunfähigkeit bekanntgibt oder ihre Zahlungen einstellt; oder

(d) ein Gericht ein Insolvenzverfahren gegen die Emittentin eröffnet, das nicht innerhalb von 60 Tagen nach dessen Eröffnung aufgehoben oder ausgesetzt wird, oder die Emittentin oder eine Aufsichts- oder sonstige Behörde, deren Zuständigkeit die Emittentin unterliegt, ein solches Verfahren einleitet oder beantragt oder die Emittentin eine allgemeine Schuldenregelung zugunsten ihrer Gläubiger anbietet oder trifft; oder

(e) die Emittentin aufgelöst oder liquidiert wird, es sei denn, dass die Auflösung oder Liquidation im Zusammenhang mit einer Verschmelzung oder einem sonstigen Zusammenschluss mit einem anderen Rechtsgebilde erfolgt, sofern dieses andere Rechtsgebilde alle Verbindlichkeiten der Emittentin aus den Schuldverschreibungen übernimmt und die Gewährträgerhaftung und Anstaltslast der Eigentümer der Emittentin für die Emittentin und deren Verbindlichkeiten aus den Schuldverschreibungen sich infolge der Verschmelzung oder des sonstigen Zusammenschlusses nicht ändert; oder

(f) die Emittentin ihren Geschäftsbetrieb einstellt oder damit droht.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß Absatz (1), ist schriftlich in deutscher oder englischer Sprache gegenüber der Emissionsstelle zu erklären und persönlich oder per Einschreiben an deren bezeichnete Geschäftsstelle zu übermitteln. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank (wie in § [13] [(5)] definiert) oder auf andere geeignete Weise erbracht werden.]

**§ 8  
PRESENTATION PERIOD**

The presentation period provided in § 801 paragraph 1, sentence 1 BGB (German Civil Code) is reduced to ten years for the Notes.

**[In the case of unsubordinated Notes insert:**

**§ 9  
ACCELERATION**

(1) *Events of Default.* Each Holder shall be entitled to declare its Notes due in accordance with paragraph (2) and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5), together with accrued interest (if any) to the date of repayment, in the event that:

(a) the Issuer fails to pay principal or interest within 30 days from the relevant due date, or

(b) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 60 days after the Fiscal Agent has received notice thereof from a Holder, or

(c) the Issuer announces its inability to meet its financial obligations or ceases its payments, or

(d) a court opens insolvency proceedings against the Issuer which shall not have been dismissed or stayed within 60 days after the commencement thereof, or the Issuer or a supervisory or other authority which has jurisdiction over the Issuer institutes or applies for such proceedings or the Issuer offers or makes an arrangement for the benefit of its creditors generally, or

(e) the Issuer is dissolved or liquidated, unless such dissolution or liquidation is made in connection with a merger, consolidation or other combination with any other entity, provided that such other entity assumes all obligations of the Issuer arising under the Notes and further provided that with respect to the Issuer the guarantor liability (*Gewährträgerhaftung*) and institutional liability (*Anstaltslast*) of the owners of the Issuer for the obligations of the Issuer arising under the Notes will not change as a result of such merger, consolidation or other combination; or

(f) the Issuer ceases or threatens to cease to carry on its business.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Notice.* Any notice, including any notice declaring Notes due in accordance with paragraph (1), shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the specified office of the Fiscal Agent together with proof that such Holder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian (as defined in § [13] [(5)]) or in other appropriate manner.]

## § [10]

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger an ihrer Stelle eine andere Gesellschaft (deren stimmberechtigtes Kapital mehrheitlich unmittelbar oder mittelbar von der Emittentin gehalten wird, vorausgesetzt, dass es der Emittentin nach ihrer wohlbegründeten Einschätzung gestattet ist, (i) eine solche Gesellschaft zu errichten und fortzuführen und (ii) dass sie mit der Erteilung der hierfür nach ihrer wohlbegründeten Einschätzung erforderlichen Genehmigungen rechnen kann; andernfalls kann diese Gesellschaft eine nicht mit der Emittentin verbundene Gesellschaft sein) als Hauptschuldnerin (die „Nachfolgeschuldnerin“) für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, vorausgesetzt, dass:

(a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in bezug auf die Schuldverschreibungen übernimmt;

(b) die Emittentin und die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten haben und berechtigt sind, an die Emissionsstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in der hierin festgelegten Währung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuer-sitz haben, erhobene Steuern oder andere Abgaben irgendeiner Art abzuziehen oder einzubehalten;

(c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;

### **[Bei nicht nachrangigen Schuldverschreibungen einfügen:**

(d) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die sicherstellen, dass jeder Gläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne eine Ersetzung stehen würde; und]

### **[Bei nachrangigen Schuldverschreibungen einfügen:**

(d) hinsichtlich der von der Nachfolgeschuldnerin bezüglich der Schuldverschreibungen übernommenen Verpflichtungen der Nachrang zu mit den Emissionsbedingungen übereinstimmenden Bedingungen begründet wird und (i) die Nachfolgeschuldnerin ein Tochterunternehmen der Emittentin im Sinne der §§ 1 (7) und 10 (5a) Satz 11 des Gesetzes über das Kreditwesen ist, (ii) die Nachfolgeschuldnerin eine Einlage in Höhe eines Betrages, der dem Gesamtnennbetrag der Schuldverschreibungen entspricht, bei der Emittentin vornimmt und zwar zu Bedingungen, die den Emissionsbedingungen (einschließlich der Nachrangigkeit) entsprechen, und (iii) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die sicherstellen, dass jeder Gläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne eine Ersetzung stehen würde; und]

(e) der Emissionsstelle ein oder mehrere Rechtsgutachten von Rechtsanwälten von anerkanntem Ansehen vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden.

Eine Ersetzung gemäß den vorstehenden Bestimmungen darf nicht erfolgen, wenn hierdurch die Schuldverschreibungen den Schutz der Anstaltslast und Gewährträgerhaftung der Eigentümer der Emittentin verlieren, und zwar deshalb, weil die gemäß Unterabsatz (d) zu stellende Garantie nicht durch die Anstaltslast und Gewährträgerhaftung gestützt würde, es sei denn, der Wegfall des Schutzes der Anstaltslast und Gewährträgerhaftung der

## § [10]

(1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, at any time substitute for the Issuer any company (in which the Issuer holds, directly, or indirectly, the majority of the voting capital provided that, in its reasonable judgement, the Issuer (i) may establish and continue to operate such a company and (ii) can expect to receive all necessary approvals to such end; otherwise such company may be a company which is unrelated to the Issuer) as principal debtor in respect of all obligations arising from or in connection with the Notes (the “Substitute Debtor”) provided that:

(a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;

(b) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Fiscal Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;

(c) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution;

### **[In the case of unsubordinated Notes insert:**

(d) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms which ensure that each Holder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place; and]

### **[In the case of subordinated Notes insert:**

(d) the obligations assumed by the Substitute Debtor in respect of the Notes are subordinated on terms identical to the Terms and Conditions of the Notes and (i) the Substituted Debtor is a subsidiary (*Tochterunternehmen*) of the Issuer within the meaning of §§ 1(7) and 10 (5a) sentence 11 of the German Banking Act (*Gesetz über das Kreditwesen*) (ii) the Substitute Debtor deposits an amount which is equal to the aggregate principal amount of the Notes with the Issuer on terms equivalent, including in respect of subordination, to the Terms and Conditions of the Notes, and (iii) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms which ensure that each Holder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place; and]

(e) there shall have been delivered to the Fiscal Agent an opinion or opinions of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied.

A substitution pursuant to the preceding provisions may not be made if, as a result of such substitution, the Notes should no longer enjoy the support of the institutional liability (*Anstaltslast*) and guarantor liability (*Gewährträgerhaftung*) of the owners of the Issuer by virtue of the fact that the guarantee to be provided pursuant to subparagraph (d) should not enjoy such support, except if the guarantee of the Issuer to be

Eigentümer der Emittentin für die von der Emittentin gemäß Unterabsatz (d) zu stellende Garantie ergibt sich jeweils als Konsequenz einer bereits bestehenden oder bevorstehenden Änderung der diese Institute betreffenden Gesetzeslage oder die Verpflichtungen aus der Garantie wären gestützt bzw. besichert: (i) durch Verpflichtungen des Landes Nordrhein-Westfalen, die mit der Anstaltslast und Gewährträgerhaftung gleichwertig sind oder (ii) durch eine unbedingte und unwiderrufliche Garantie des Landes Nordrhein-Westfalen oder (iii) durch eine Sicherheit in Form von Verbindlichkeiten der Bundesrepublik Deutschland.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § [12] bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Falle einer Ersetzung gilt jede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des weiteren gilt im Falle einer Ersetzung folgendes:

[a] in § 7 [falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen: und § 5 (2) ] gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat [;] [.]

[bei nicht nachrangigen Schuldverschreibungen einfügen: (b) in § 9 (1) (c) bis (f) gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garantin als aufgenommen (zusätzlich zu der Bezugnahme auf die Nachfolgeschuldnerin);

(c) in § 9 (1) gilt ein weiterer Kündigungsgrund als aufgenommen, der dann besteht, wenn die Garantie gemäß Absatz (1) (d) aus irgendeinem Grund nicht mehr gilt.]

#### § [11] BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

provided pursuant to subparagraph (d) would not benefit from the institutional liability (*Anstaltslast*) and guarantor liability (*Gewährträgerhaftung*) of the owners of the Issuer as a consequence of an existing or impending change to the legal framework of these regimes or if the obligations arising under such guarantee were then supported or secured, as the case may be, (i) by obligations of the Federal State of North Rhine-Westphalia equivalent to institutional liability (*Anstaltslast*) and guarantor liability (*Gewährträgerhaftung*), or (ii) by an unconditional and irrevocable guarantee of the Federal State of North Rhine-Westphalia, or (iii) by collateral in the form of debt obligations of the Federal Republic of Germany.

(2) *Notice.* Notice of any such substitution shall be published in accordance with § [12].

(3) *Change of References.* In the event of any such substitution, any reference in these Terms and Conditions of the Notes to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

[a] in § 7 [if Notes are subject to Early Redemption for Reasons of Taxation insert: and § 5 (2)] an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor[;] [.]

[in the case of unsubordinated Notes insert: (b) in § 9 (1) (c) to (f) an alternative reference to the Issuer in its capacity as Guarantor shall be deemed to have been included in addition to the reference to the Substitute Debtor;

(c) in § 9 (1) a further event of default shall be deemed to have been included; such event of default shall exist in the case that the Guarantee pursuant to paragraph (1) (d) is or becomes invalid for any reasons.]

#### § [11] FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes at any price in the open market or otherwise. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ [12]  
MITTEILUNGEN

(1) *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind [im Bundesanzeiger sowie] in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Deutschland] [Luxemburg] [London] [Frankreich] [der Schweiz] [anderen Ort einfügen], voraussichtlich [die Börsen-Zeitung] [das Luxemburger Wort] [Tageblatt] [die Financial Times] [La Tribune] [die Neue Zürcher Zeitung und Le Temps] [andere Zeitung mit allgemeiner Verbreitung einfügen] zu veröffentlichen. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilung an das Clearing System.* Die Emittentin ist berechtigt, eine Zeitungsveröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass in Fällen, in denen die Schuldverschreibungen an einer Börse notiert sind, die Regeln dieser Börse diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt. **[Bei Schuldverschreibungen, die an der Luxemburger Börse notiert sind, einfügen:** Solange irgendwelche Schuldverschreibungen an der Luxemburger Börse notiert sind, sind alle die Schuldverschreibungen betreffenden Mitteilungen gemäß Absatz (1) bekanntzumachen.] **[Bei Schuldverschreibungen, die an der Düsseldorfer Börse notiert sind, einfügen:** Solange irgendwelche Schuldverschreibungen an der Düsseldorfer Börse notiert sind, sind alle die Schuldverschreibungen betreffenden Mitteilungen gemäß Absatz (1) bekanntzumachen.]

§ [12]  
NOTICES

(1) *Publication.* All notices concerning the Notes shall be published [in the *Bundesanzeiger* and] in a leading daily newspaper having general circulation in [Germany] [Luxembourg] [London] [France] [Switzerland] [specify other location]. These newspapers are expected to be the [*Börsen-Zeitung*] [*Luxemburger Wort*] [*Tageblatt*] [*Financial Times*] [*La Tribune*] [*Neue Zürcher Zeitung* and *Le Temps*] [insert other applicable newspaper having general circulation]. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).

(2) *Notification to Clearing System.* The Issuer may, in lieu of publication in the newspapers set forth in paragraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders, provided that, so long as any Notes are listed on any stock exchange, the rules of such stock exchange permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the seventh day after the day on which said notice was given to the Clearing System. **[In the case of Notes which are listed on the Luxembourg Stock Exchange insert:** So long as any Notes are listed on the Luxembourg Stock Exchange, all notices concerning the Notes shall be published in accordance with paragraph (1).] **[In the case of Notes which are listed on the Düsseldorf Stock Exchange insert:** So long as any Notes are listed on the Düsseldorf Stock Exchange, all notices concerning the Notes shall be published in accordance with paragraph (1).]

§ [13]  
ANWENDBARES RECHT,  
ERFÜLLUNGORT, GERICHTSSTAND UND  
GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Düsseldorf.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren („Rechtsstreitigkeiten“) ist das Landgericht Düsseldorf. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhandeln gekommener oder vernichteter Schuldverschreibungen.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält, und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre, oder (iii) auf jede andere Weise, die im Lande der Geltendmachung prozessual zulässig ist. Für die Zwecke des Vorstehenden bezeichnet „Depotbank“ jede Bank oder ein sonstiges Finanzinstitut von anerkanntem Ansehen, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems.

[§ [14]  
SPRACHE

**[Falls der deutsche Text bindend sein soll, einfügen:** Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.]

**[Falls der englische Text bindend sein soll, einfügen:** Diese Emissionsbedingungen sind in englischer Sprache abgefasst. Eine Übersetzung in die deutsche Sprache ist beigefügt. Der englische Text ist bindend und maßgeblich. Die Übersetzung in die deutsche Sprache ist unverbindlich.]

§ [13]  
APPLICABLE LAW, PLACE OF  
PERFORMANCE, PLACE OF  
JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Place of Performance.* Place of performance shall be Düsseldorf.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Düsseldorf shall have non-exclusive jurisdiction for any action or other legal proceedings (“Proceedings”) arising out of or in connection with the Notes. The German courts shall have exclusive jurisdiction over lost or destroyed Notes.

(4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in its own name enforce its rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes or (iii) any other means of proof permitted in legal proceedings in the country of enforcement. For purposes of the foregoing, “Custodian” means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

[§ [14]  
LANGUAGE

**[If the German text shall be binding insert:** These Terms and Conditions of the Notes are written in the German language and provided with an English language translation. The German text shall be prevailing and binding. The English language translation is provided for convenience only.]

**[If the English text shall be binding insert:** These Terms and Conditions of the Notes are written in the English language and provided with a German language translation. The English text shall be prevailing and binding. The German language translation is provided for convenience only.]

## TEIL II – ZUSÄTZE ZU DEN GRUNDBEDINGUNGEN

### A. BEDINGUNGEN FÜR INHABER-PFANDBRIEFE

Die nachfolgenden Anleitungen beziehen sich auf die oben in Teil I wiedergegebenen Bedingungen für Inhaberschuldverschreibungen (ausgenommen Pfandbriefe), die in Globalurkunden verbrieft sind. Diese werden für Inhaberpfandbriefe, die in Globalurkunden verbrieft sind, nach Maßgabe der folgenden Anleitungen und der Bedingungen des anwendbaren Konditionenblattes abgeändert.

**IS 1 (1) (WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN) ist wie folgt zu ersetzen:**

#### § 1 WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN

(1) *Währung; Stückelung.* Diese öffentlichen Pfandbriefe werden von der Emittentin in **[festgelegte Währung einfügen]** (die „festgelegte Währung“) im Gesamtnennbetrag von **[Gesamtnennbetrag einfügen]** (in Worten: **[Gesamtnennbetrag in Worten einfügen]**) in Stückelungen von **[festgelegte Stückelungen einfügen]** (die „festgelegten Stückelungen“) begeben.]

**IS 2 (STATUS) ist vollständig wie folgt zu ersetzen:**

#### § 2 STATUS

Die Schuldverschreibungen begründen direkte, unbedingte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind. Die Schuldverschreibungen sind nach Maßgabe des Gesetzes über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten gedeckt und stehen mindestens im gleichen Rang mit allen anderen unbesicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verpflichtungen der Emittentin aus öffentlichen Pfandbriefen.]

**IS 4 (6) (ZÄHLUNGEN - Bezugnahmen auf Kapital) ist wie folgt zu ersetzen:**

(6) *Bezugnahmen auf Kapital.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen (wie in § 5 (1) angegeben); den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen (wie nachstehend angegeben);] **[falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzahlen, einfügen:** den Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibungen (wie nachstehend angegeben);] **[falls der Gläubiger ein Wahlrecht hat, die Schuldverschreibungen zur vorzeitigen Rückzahlung zu kündigen, einfügen:** den Wahl-Rückzahlungsbetrag (Put) der Schuldverschreibungen (wie nachstehend angegeben);] **[Im Fall von Nullkupon-Schuldverschreibungen einfügen:** den Amortisationsbetrag der Schuldverschreibungen (wie nachstehend angegeben);] **[Im Fall von Raten-Schuldverschreibungen einfügen:** die auf die Schuldverschreibungen zu leistende(n) Rate(n) (wie in § 5 (1) angegeben);] sowie jeden Aufschlag sowie sonstige auf oder in bezug auf die Schuldverschreibungen zahlbaren Beträge.]

## PART II – SUPPLEMENTS TO THE BASIC TERMS

### A. TERMS AND CONDITIONS FOR BEARER PFANDBRIEFE

The instructions given below refer to the terms and conditions of bearer Notes (other than Pfandbriefe) represented by global Notes set out in Part I above. In the case of bearer Pfandbriefe represented by global Notes, these shall be modified in accordance with the instructions below, subject to the terms of the applicable Pricing Supplement.

**IS 1 (1) (CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS) to be replaced by the following:**

#### § 1 CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination.* These public sector Pfandbriefe (öffentliche Pfandbriefe) are being issued by the Issuer in **[insert specified currency]** (the “Specified Currency”) in the aggregate principal amount of **[insert aggregate principal amount]** (in words: **[insert aggregate principal amount in words]**) in denominations of **[insert Specified Denominations]** (the “Specified Denominations”).]

**IS 2 (STATUS) to be replaced in its entirety by the following:**

#### § 2 STATUS

The Notes constitute direct, unconditional and unsubordinated obligations of the Issuer ranking *pari passu* among themselves. The Notes are covered in accordance with the German Public Sector Pfandbriefe and related Notes Act (*Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten*) and rank at least *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer under public sector Pfandbriefe.]

**IS 4 (6) (PAYMENTS - References to Principal) to be replaced by:**

(6) *References to Principal.* References in these Terms and Conditions of the Notes to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes (as specified in § 5 (1)); the Early Redemption Amount of the Notes (as specified below);] **[if redeemable at the option of the Issuer insert:** the Call Redemption Amount of the Notes (as specified below);] **[if redeemable at the option of the Holder insert:** the Put Redemption Amount of the Notes (as specified below);] **[in the case of Zero Coupon Notes** the Amortised Face Amount of the Notes (as specified below);] **[in the case of Instalment Notes insert:** the Instalment Amount(s) of the Notes (as specified in § 5 (1));] and any premium and any other amounts which may be payable under or in respect of the Notes.

[§ 5 (RÜCKZAHLUNG) ist vollständig wie folgt zu ersetzen:

§ 5  
RÜCKZAHLUNG

(1) Rückzahlung bei Endfälligkeit.

**Bei Schuldverschreibungen, die keine Raten-Schuldverschreibungen sind, einfügen:**

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am **[Im Fall eines festgelegten Fälligkeitstages Fälligkeitstag einfügen]** **[Im Fall eines Rückzahlungsmonats einfügen:** in den **[Rückzahlungsmonat einfügen]** fallenden Zinszahlungstag] (der „Fälligkeitstag“) zurückgezahlt. Der Rückzahlungsbetrag in bezug auf jede Schuldverschreibung entspricht **[falls die Schuldverschreibungen zu ihrem Nennbetrag zurückgezahlt werden, einfügen:** dem Nennbetrag der Schuldverschreibungen] **[ansonsten den Rückzahlungsbetrag für die jeweilige Stückelung einfügen].]**

**Bei Raten-Schuldverschreibungen einfügen:**

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen an dem/den nachstehenden Ratenzahlungstermin(en) zu der/den folgenden Rate(n) zurückgezahlt:

Ratenzahlungstermin(e)/Raten (je festgelegte Stückelung)  
[einfügen]  
•  
•]

**[Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzahlen, einfügen:**

**[(2)] Vorzeitige Rückzahlung nach Wahl der Emittentin.**

(a) Die Emittentin kann, nachdem sie gemäß Unterabsatz (b) gekündigt hat, die Schuldverschreibungen insgesamt oder teilweise am/an den Wahl-Rückzahlungstag(en) (Call) zum/zu den Wahl-Rückzahlungsbetrag/-beträgen (Call), wie nachstehend angegeben, nebst etwaigen bis zum Wahl-Rückzahlungstag (Call) (ausschließlich) aufgelaufenen Zinsen zurückzahlen. **[Bei Geltung eines Mindestrückzahlungsbetrages oder eines erhöhten Rückzahlungsbetrages einfügen:** Eine solche Rückzahlung muss in Höhe eines Nennbetrages von **[mindestens [Mindestrückzahlungsbetrag einfügen]]** **[erhöhten Rückzahlungsbetrag einfügen]** erfolgen.]

Wahl-Rückzahlungstag(e) (Call)/Wahl-  
Rückzahlungsbetrag/-beträge (Call)  
[einfügen]  
•  
•

**[Falls der Gläubiger ein Wahlrecht hat, die Schuldverschreibungen zur vorzeitigen Rückzahlung zu kündigen, einfügen:** Der Emittentin steht dieses Wahlrecht nicht in bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der Gläubiger in Ausübung seines Wahlrechts nach Absatz **[(3)]** dieses § 5 verlangt hat.]

(b) Die Kündigung ist den Gläubigern der Schuldverschreibungen durch die Emittentin gemäß § **[12]** bekanntzugeben. Sie ist unwiderruflich und beinhaltet die folgenden Angaben:

(i) die zurückzahlende Serie von Schuldverschreibungen;

[§ 5 (REDEMPTION) to be replaced in its entirety by the following:

§ 5  
REDEMPTION

(1) Redemption at Maturity.

**[In the case of Notes other than Instalment Notes insert:**

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[in the case of a specified Maturity Date insert such Maturity Date]** **[in the case of a Redemption Month insert:** the Interest Payment Date falling in **[insert Redemption Month]]** (the “Maturity Date”). The Final Redemption Amount in respect of each Note shall be **[if the Notes are redeemed at their principal amount insert:** its principal amount] **[otherwise insert Final Redemption Amount per denomination].]**

**[In case of Instalment Notes insert:**

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed on the Instalment Date(s) and in the Instalment Amount(s) set forth below:

Instalment Date(s)/Instalment Amounts (per Specified Denomination)  
[insert]  
•  
•]

**[If Notes are subject to Early Redemption at the Option of the Issuer insert:**

**[(2)] Early Redemption at the Option of the Issuer.**

(a) The Issuer may, upon notice given in accordance with subparagraph (b), redeem **[all]** **[some]** of the Notes on the Call Redemption Date[s] at the Call Redemption Amount(s) set forth below together with accrued interest, if any, to (but excluding) the Call Redemption Date. **[If Minimum Redemption Amount or Higher Redemption Amount applies insert:** Any such redemption must be of a principal amount equal to **[at least [insert [Minimum Redemption Amount]** **[Higher Redemption Amount].]**

Call Redemption Date(s)/ Call Redemption  
Amount(s)  
[insert]  
•  
•

**[If Notes are subject to Early Redemption at the Option of the Holder insert:** The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under paragraph **[(3)]** of this § 5.]

(b) Notice of redemption shall be given by the Issuer to the Holders of the Notes in accordance with § **[12]**. Such notice shall be irrevocable and shall specify:

(i) the Series of Notes subject to redemption;



(ii) eine Erklärung, ob diese Serie ganz oder teilweise zurückgezahlt wird und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen;

(iii) den Wahl-Rückzahlungstag (Call), der nicht weniger als **[Mindestkündigungsfrist einfügen]** und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Gläubigern liegen darf; und

(iv) den Wahl-Rückzahlungsbetrag (Call), zu dem die betreffenden Schuldverschreibungen zurückgezahlt werden.

(c) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen nach den Regeln des betreffenden Clearing Systems ausgewählt.]

**[[Falls der Gläubiger ein Wahlrecht hat, die Schuldverschreibungen zur vorzeitigen Rückzahlung zu kündigen, einfügen:**

**[(3)] Vorzeitige Rückzahlung nach Wahl des Gläubigers.**

(a) Die Emittentin hat eine Schuldverschreibung nach Ausübung des entsprechenden Wahlrechts durch den Gläubiger am/an den Wahl-Rückzahlungstag(en) (Put) zum/zu den Wahl-Rückzahlungsbetrag/- beträgen (Put), wie nachstehend angegeben, nebst etwaigen bis zum Wahl-Rückzahlungstag (Put) (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.

Wahl-Rückzahlungstag(e) (Put)  
Wahl-Rückzahlungsbetrag/-beträge (Put)  
**[einfügen]**

- 
- 

**[[Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzuzahlen, einfügen:**

Dem Gläubiger steht dieses Wahlrecht nicht in bezug auf eine Schuldverschreibung zu, deren Rückzahlung die Emittentin zuvor in Ausübung ihres Wahlrechts nach Absatz [(2)] dieses § 5 verlangt hat.]

(b) Um dieses Wahlrecht auszuüben, hat der Gläubiger nicht weniger als **[Mindestkündigungsfrist einfügen]** Tage und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage vor dem Wahl-Rückzahlungstag (Put), an dem die Rückzahlung gemäß der Ausübungserklärung (wie nachstehend definiert) erfolgen soll, bei der bezeichneten Geschäftsstelle der Emissionsstelle während der normalen Geschäftszeiten eine ordnungsgemäß ausgefüllte Mitteilung zur vorzeitigen Rückzahlung („Ausübungserklärung“), wie sie von der bezeichneten Geschäftsstelle der Emissionsstelle erhältlich ist, zu hinterlegen. Die Ausübung des Wahlrechts kann nicht widerrufen werden. Um das Recht, Rückzahlung verlangen zu können, auszuüben, muss der Gläubiger dann, wenn die Schuldverschreibungen über Euroclear oder CBL gehalten werden, innerhalb der Kündigungsfrist die Emissionsstelle über eine solche Rechtsausübung in Übereinstimmung mit den Richtlinien von Euroclear und CBL in einer für Euroclear und CBL jeweils akzeptablen Weise in Kenntnis setzen (wobei diese Richtlinien vorsehen können, dass die Emissionsstelle auf Weisung des Gläubigers von Euroclear oder CBL oder einer gemeinsamen Verwahrstelle in elektronischer Form über die Rechtsausübung in Kenntnis gesetzt wird). Weiterhin ist für die Rechtsausübung erforderlich, dass zur Vornahme entsprechender Vermerke der Gläubiger zugleich die maßgebliche Globalurkunde der Emissionsstelle vorlegt bzw. die Vorlegung der maßgeblichen Globalurkunde veranlasst.]

(ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed;

(iii) the Call Redemption Date, which shall be not less than **[insert Minimum Notice to Holders]** nor more than **[insert Maximum Notice to Holders]** days after the date on which notice is given by the Issuer to the Holders; and

(iv) the Call Redemption Amount at which such Notes are to be redeemed.

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System.]

**[[If the Notes are subject to Early Redemption at the Option of a Holder insert:**

**[(3)] Early Redemption at the Option of a Holder.**

(a) The Issuer shall, at the option of the Holder of any Note, redeem such Note on the Put Redemption Date(s) at the Put Redemption Amount(s) set forth below together with accrued interest, if any, to (but excluding) the Put Redemption Date.

Put Redemption Date(s)/Put  
Redemption Amount(s)  
**[insert]**

- 
- 

**[[If Notes are subject to Early Redemption at the Option of the Issuer insert:**

The Holder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer thereof of its option to redeem such Note under paragraph [(2)] of this § 5.]

(b) In order to exercise such option, the Holder must, not less than **[insert Minimum Notice to Issuer]** nor more than **[insert Maximum Notice to Issuer]** days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice (as defined below), submit during normal business hours at the specified office of the Fiscal Agent a duly completed early redemption notice (“Put Notice”) in the form available from the specified office of the Fiscal Agent. No option so exercised may be revoked or withdrawn. If these Notes are held through Euroclear or CBL, to exercise the right to require redemption of these Notes the Holder must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and CBL (which may include notice being given on his instruction by Euroclear or CBL or any common depositary for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and CBL from time to time and at the same time present or procure the presentation of the relevant Global Note to the Fiscal Agent for notation accordingly.]

**[Bei nicht nachrangigen Schuldverschreibungen (außer Nullkupon-Schuldverschreibungen) einfügen:**

**[(4)] Vorzeitiger Rückzahlungsbetrag.**

Für die Zwecke von § 9 entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.]

**[Bei Nullkupon-Schuldverschreibungen einfügen:**

**[(4)] Vorzeitiger Rückzahlungsbetrag.**

(a) Für die Zwecke des § 9 entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Amortisationsbetrag einer Schuldverschreibung.

(b) Der Amortisationsbetrag einer Schuldverschreibung entspricht der Summe aus:

(i) **[Referenzpreis einfügen]** (der „Referenzpreis“) und

(ii) dem Produkt aus **[Emissionsrendite einfügen]** (jährlich kapitalisiert) und dem Referenzpreis ab dem **[Verzinsungsbeginn einfügen]** (einschließlich) bis zu dem vorgesehenen Rückzahlungstag oder (je nachdem) dem Tag, an dem die Schuldverschreibung fällig und rückzahlbar wird (ausschließlich).

Wenn diese Berechnung für einen Zeitraum, der nicht vollen Jahren entspricht, durchzuführen ist, hat sie im Falle des nicht vollständigen Jahres auf der Grundlage des Zinstagequotienten (wie in § 3 definiert) zu erfolgen.

(c) Falls die Emittentin den vorzeitigen Rückzahlungsbetrag bei Fälligkeit nicht zahlt, wird der Amortisationsbetrag einer Schuldverschreibung wie vorstehend beschrieben berechnet, jedoch mit der Maßgabe, dass die Bezugnahmen in Unterabsatz (b) (ii) auf den für die Rückzahlung vorgesehenen Rückzahlungstag oder den Tag, an dem diese Schuldverschreibung fällig und rückzahlbar wird, durch den früheren der nachstehenden Zeitpunkte ersetzt werden: (i) der Tag, an dem die Zahlung gegen ordnungsgemäße Vorlage und Einreichung der betreffenden Schuldverschreibung (sofern erforderlich) erfolgt, und (ii) der fünfte Tag, nachdem die Emissionsstelle gemäß § [12] mitgeteilt hat, dass ihr die für die Rückzahlung erforderlichen Mittel zur Verfügung gestellt wurden.]]

**[§ 7 (STEUERN) ist vollständig zu ersetzen:**

**§ 7  
STEUERN**

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug an der Quelle von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben an der Quelle auferlegt, erhoben, eingezogen, einbehalten oder veranlagt werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.]

**[In the case of unsubordinated Notes other than Zero Coupon Notes insert:**

**[(4)] Early Redemption Amount.**

For purposes of § 9, the Early Redemption Amount of a Note shall be its Final Redemption Amount.]

**[In the case of Zero Coupon Notes insert:**

**[(4)] Early Redemption Amount.**

(a) For purposes of § 9, the Early Redemption Amount of a Note shall be equal to the Amortised Face Amount of a Note.

(b) The Amortised Face Amount of a Note shall be an amount equal to the sum of:

(i) **[insert Reference Price]** (the “Reference Price“) and

(ii) the product of **[insert Amortisation Yield]** (compounded annually) and the Reference Price from (and including) **[insert Interest Commencement Date]** to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in § 3).

(c) If the Issuer fails to pay the Early Redemption Amount when due, the Amortised Face Amount of a Note shall be calculated as provided herein, except that references in subparagraph (b) (ii) to the date fixed for redemption or the date on which such Note becomes due and repayable shall refer to the earlier of the following dates (i) the date on which upon due presentation and surrender of the relevant Note (if required), payment is made, and (ii) the fifth day after notice has been given by the Fiscal Agent in accordance with § [12] that the funds required for redemption have been provided to the Fiscal Agent.]]

**[§ 7 (TAXATION) to be replaced in its entirety by the following:**

**§ 7  
TAXATION**

All amounts payable in respect of the Notes shall be made without withholding or deduction at source for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by way of withholding or deduction at source in, by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.]

**B. BEDINGUNGEN FÜR NAMENSSCHULDVERSCHREIBUNGEN  
(AUSGENOMMEN PFANDBRIEFE)**

Die nachfolgenden Anleitungen beziehen sich auf die oben in TEIL I wiedergegebenen Bedingungen für Inhaberschuldverschreibungen (ausgenommen Pfandbriefe), die in Globalurkunden verbrieft sind. Diese werden für eine Namensschuldverschreibung nach Maßgabe der folgenden Anleitungen und der Bedingungen des anwendbaren Konditionenblattes abgeändert.

**§ 1 (WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN) ist vollständig wie folgt zu ersetzen:**

**§ 1  
WÄHRUNG, FORM, ÜBERTRAGUNGEN,  
DEFINITIONEN**

(1) *Währung und Nennbetrag.* Diese Namensschuldverschreibung wird von der Emittentin in **[festgelegte Währung einfügen]** („die festgelegte Währung“) im Gesamtnennbetrag von **[Gesamtnennbetrag einfügen]** (in Worten: **[Gesamtnennbetrag in Worten einfügen]**) begeben.

(2) *Form.* Diese als Namensschuldverschreibung begebene Schuldverschreibung trägt die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Registerstelle (wie in § 6 (1) angegeben) oder in deren Namen mit einer eigenhändigen Kontrollunterschrift versehen.

(3) *Übertragung.*

(a) Die sich aus dieser Schuldverschreibung ergebenden Rechte des Gläubigers (wie in § 1 (4) definiert) und das Eigentum an dieser Urkunde gehen durch Abtretung und Eintragung in das Register (wie in § 1 (4) definiert) über. Soweit nicht ein zuständiges Gericht etwas anderes entschieden hat oder zwingendes Recht etwas anderes verlangt, haben die Emittentin, die Emissionsstelle und die Registerstelle den eingetragenen Gläubiger dieser Schuldverschreibung als den ausschließlichen Inhaber dieser Urkunde und der sich aus dieser ergebenden Rechte zu behandeln.

(b) Die sich aus dieser Schuldverschreibung ergebenden Rechte des Gläubigers und das Eigentum an dieser Urkunde können vollständig oder teilweise übertragen werden, indem diese Schuldverschreibung (zusammen mit dem ordnungsgemäß vervollständigten und unterzeichneten, auf der Rückseite dieser Schuldverschreibung abgedruckten Muster einer Abtretungserklärung) bei der bezeichneten Geschäftsstelle der Registerstelle eingereicht wird. Im Falle der teilweisen Übertragung dieser Schuldverschreibung ist dem Zedenten eine neue Schuldverschreibung über den nicht übertragenen Betrag auszustellen. Eine teilweise Übertragung dieser Schuldverschreibung ist nur für einen Mindestnennbetrag von **[festgelegte Währung und Mindestnennbetrag einfügen]** oder für ein ganzzahliges Vielfaches dieses Betrages zulässig.

(c) Jede nach einer Übertragung dieser Schuldverschreibung ausgestellte neue Schuldverschreibung wird innerhalb von sieben Geschäftstagen (Geschäftstag bedeutet für die Zwecke dieses Unterabsatzes einen Tag (außer einem Samstag oder Sonntag), an dem Banken an dem Ort der bezeichneten Geschäftsstelle der Registerstelle für den Geschäftsverkehr geöffnet sind) nach Einreichung dieser Schuldverschreibung und des ordnungsgemäß vervollständigten und unterzeichneten Musters einer Abtretungserklärung zur Abholung bei der bezeichneten Geschäftsstelle der Registerstelle bereitgehalten oder, auf Wunsch des einreichenden Gläubigers und wie in dem entsprechenden Muster der Abtretungserklärung angegeben, auf Gefahr des hinsichtlich der neuen Schuldverschreibung berechtigten Gläubigers an die in dem Muster der Abtretungserklärung angegebene Adresse versandt.

**B. TERMS AND CONDITIONS FOR NOTES IN REGISTERED FORM  
(OTHER THAN PFANDBRIEFE)**

The instructions given below refer to the terms and conditions of bearer Notes (other than Pfandbriefe) represented by global Notes set out in PART 1 above. In the case of a registered Note, these shall be modified in accordance with the instructions below, subject to the terms of the applicable Pricing Supplement.

**§ 1 (CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS) to be replaced in its entirety by the following:**

**§ 1  
CURRENCY, FORM, TRANSFERS,  
CERTAIN DEFINITIONS**

(1) *Currency and Principal Amount.* This registered Note is being issued by the Issuer in **[insert Specified Currency]** (the “Specified Currency”) in the principal amount of **[insert principal amount]** (in words: **[insert principal amount in words]**).

(2) *Form.* This Note is being issued in registered form and signed manually or in facsimile by two authorised signatories of the Issuer and authenticated manually by or on behalf of the Registrar (as specified in § 6 (1)).

(3) *Transfer.*

(a) The rights of the Holder (as defined in § 1 (4)) evidenced by this Note and title to this Note itself pass by assignment and registration in the Register (as defined in § 1 (4)). Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Fiscal Agent and the Registrar shall deem and treat the registered Holder of this Note as the absolute Holder thereof and of the rights evidenced thereby.

(b) The rights of the Holder evidenced by this Note and title to this Note itself may be transferred in whole or in part upon the surrender of this Note, together with the form of assignment endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of part only of this Note, a new Note in respect of the balance not transferred will be issued to the transferor. Any transfer of part only of this Note is permitted only for a minimum principal amount of **[insert Specified Currency and such Minimum Principal Amount]** or an integral multiple thereof.

(c) Each new Note to be issued upon transfer of this Note will, within seven business days (being, for the purposes of this subparagraph, a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar) of delivery of this Note and the duly completed and executed form of assignment, be available for collection at the specified office of the Registrar or, at the request of the Holder making such delivery and as specified in the relevant form of assignment, be mailed at the risk of the Holder entitled to the new Note to such address as may be specified in the form of assignment.

(d) Übertragungen werden vorgenommen, ohne dass von der oder für die Emittentin oder die Registerstelle hierfür eine Gebühr berechnet werden würde, aber erst nach Zahlung von Steuern oder anderen Abgaben, die im Zusammenhang mit der Übertragung erhoben werden (oder nach Abgabe von diesbezüglichen Freistellungserklärungen, wie sie von der Emittentin oder der Registerstelle verlangt werden können).

(e) Der Gläubiger kann die Eintragung der Übertragung dieser Schuldverschreibung nicht verlangen (i) während eines Zeitraums von 15 Tagen, der an dem Fälligkeitstag für eine Zahlung auf Kapital endet, (ii) während eines Zeitraumes von 15 Tagen vor einem Tag, an dem diese Schuldverschreibung aufgrund der Ausübung eines der Emittentin zustehenden Wahlrechts vorzeitig zurückgezahlt werden kann, oder (iii) nachdem hinsichtlich dieser Schuldverschreibung ein Wahlrecht ausgeübt wurde, nach dessen Ausübung diese Schuldverschreibung ganz oder teilweise rückzahlbar ist.

(4) *Definitionen.* Für die Zwecke dieser Emissionsbedingungen bedeutet:

„Gläubiger“ der eingetragene Gläubiger dieser Schuldverschreibung. Jede Bezugnahme auf „Gläubiger“ im Plural gilt als Bezugnahme auf „Gläubiger“ im Singular.

„Register“ das von der Registerstelle unterhaltene Register für diese Schuldverschreibung und andere unter dem Programm begebene Namensschuldverschreibungen.

(5) *Bezugnahmen auf Schuldverschreibungen.* Jede Bezugnahme in diesen Emissionsbedingungen auf „Schuldverschreibung“ oder „diese Schuldverschreibung“ schließt jede neue Schuldverschreibung ein, die im Zusammenhang mit der Übertragung dieser Schuldverschreibung oder eines Teils derselben ausgestellt worden ist, es sei denn, aus dem Zusammenhang ergibt sich etwas anderes. Jede Bezugnahme in diesen Emissionsbedingungen auf „Schuldverschreibungen“ oder „diese Schuldverschreibungen“ im Plural gilt als eine Bezugnahme auf „Schuldverschreibung“ oder „diese Schuldverschreibung“ im Singular. Alle grammatikalischen und anderen Änderungen, die durch den Gebrauch des Wortes „Schuldverschreibung“ im Singular notwendig werden, gelten als in diesen Emissionsbedingungen vorgenommen und die Bestimmungen dieser Emissionsbedingungen sind so anzuwenden, dass dieser Änderung Wirksamkeit verschafft wird.]

**[§ 4 (ZAHLUNGEN) ist vollständig wie folgt zu ersetzen:**

#### **§ 4 ZAHLUNGEN**

(1) *Allgemeines.* Zahlungen von Kapital und Zinsen auf diese Schuldverschreibung werden an dem entsprechenden Fälligkeitstag an die Person geleistet, die bei Geschäftsschluss am fünfzehnten Tag vor einem solchen Fälligkeitstag (der „Stichtag“) in dem Register als Gläubiger aufgeführt ist.

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen in der frei handelbaren und konvertierbaren Währung des Staates der festgelegten Währung

**Ifalls die festgelegte Währung nicht Euro ist, einfügen:**, und zwar durch Überweisung auf ein auf die festgelegte Währung lautendes Konto des Zahlungsempfängers, das dieser bei einer Bank in dem Hauptfinanzzentrum des Staates der festgelegten Währung unterhält und das der Registerstelle spätestens am Stichtag mitgeteilt worden ist.]

**Ifalls die festgelegte Währung Euro ist, einfügen:** durch Überweisung auf ein auf Euro lautendes Konto des Zahlungsempfängers, das dieser bei einer Bank in einem Hauptfinanzzentrum eines Landes unterhält, das als Mitgliedstaat Teilnehmer der

(d) Transfers will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment (or the giving of such indemnity as may be required from the Issuer or the Registrar) in respect of any tax or other duties which may be imposed in relation to it.

(e) The Holder may not require the transfer of this Note to be registered (i) during a period of 15 days ending on the due date for any payment of principal, (ii) during the period of 15 days prior to any date on which this Note may be redeemed at the option of the Issuer, or (iii) after this Note has been called for redemption in whole or in part.

(4) *Certain Definitions.* For purposes of these Terms and Conditions:

“Holder” means the registered holder of this Note. Any reference therein to “Holder” in plural form shall constitute a reference to “Holder” in singular form.

“Register” means the register to be maintained by the Registrar in relation to this Note and any other registered Notes that may be issued under the Programme.

(5) *References to Notes.* Any reference herein to “Note” or “this Note” includes, unless the context otherwise requires, any new Note that has been issued upon transfer of this Note or part thereof. Any reference herein to “Notes” or “these Notes” in plural form shall constitute a reference to “Note” or “this Note” in singular form. All grammatical and other changes required by the use of the word “Note” in singular form shall be deemed to have been made herein and the provisions hereof shall be applied so as to give effect to such change.]

**[§ 4 (PAYMENTS) to be replaced in its entirety by the following:**

#### **§ 4 PAYMENTS**

(1) *General.* Payment of principal and interest in respect of this Note shall be made on the respective due date thereof to the person shown on the Register as the Holder at the close of business on the fifteenth day before such due date (the “Record Date”).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payment shall be made in the freely negotiable and convertible currency of the country of the Specified Currency

**If the Specified Currency is not Euro insert:** by wire transfer to an account denominated in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency notified to the Registrar no later than the Record Date.]

**If the Specified Currency is Euro insert:** by wire transfer to a Euro account maintained by the payee with a bank in a principal financial centre of a country which has become a participating member state in the European Economic and Monetary Union as

Europäischen Wirtschafts- und Währungsunion im Sinne des am 7. Februar 1992 in Maastricht unterzeichneten Vertrages über die Europäische Union geworden ist, und welches Konto der Registerstelle spätestens am Stichtag mitgeteilt worden ist.]

(3) **Zahltag.** Fällt der Fälligkeitstag einer Zahlung in bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag (wie nachstehend definiert) ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. Für diese Zwecke bezeichnet „Zahltag“ einen Tag (außer einem Samstag oder Sonntag), an dem (i) Geschäftsbanken in dem Hauptfinanzzentrum des Landes, in dem das Konto des Zahlungsempfängers nach Maßgabe des Vorstehenden unterhalten wird, für den Geschäftsverkehr geöffnet sind und (ii) **falls die festgelegte Währung nicht Euro ist, einfügen:** Geschäftsbanken und Devisenmärkte in **sämtliche relevanten Finanzzentren einfügen**] Zahlungen abwickeln. **falls die festgelegte Währung Euro ist, einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) Zahlungen abwickelt.]

(4) **Bezugnahmen auf Kapital falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen: und Zinsen.** Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibung schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibung (wie in § 5 (1) angegeben); **im Fall einer nicht nachrangigen Schuldverschreibung oder falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** den vorzeitigen Rückzahlungsbetrag der Schuldverschreibung (wie nachstehend angegeben);] **falls die Emittentin das Wahlrecht hat, die Schuldverschreibung aus anderen als steuerlichen Gründen vorzeitig zurückzahlen, einfügen:** den Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibung (wie nachstehend angegeben);] **falls der Gläubiger ein Wahlrecht hat, die Schuldverschreibung zur vorzeitigen Rückzahlung zu kündigen, einfügen:** den Wahl-Rückzahlungsbetrag (Put) der Schuldverschreibung (wie nachstehend angegeben);] **im Fall einer Nullkupon-Schuldverschreibung außer einer nachrangigen Schuldverschreibung in einem Fall, in dem eine vorzeitige Rückzahlung aus steuerlichen Gründen nicht anwendbar ist, einfügen:** den Amortisationsbetrag der Schuldverschreibung (wie nachstehend angegeben);] **im Fall einer Raten-Schuldverschreibung einfügen:** die auf die Schuldverschreibung zu leistende(n) Rate(n) (wie in § 5 (1) angegeben);] sowie jeden Aufschlag sowie sonstige auf oder in bezug auf die Schuldverschreibung zahlbaren Beträge. **falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf die Schuldverschreibung sollen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge (wie in § 7 definiert) einschließen.]]

**§ 6 (DIE EMISSIONSSTELLE [,] [UND] DIE ZAHLSTELLEN [UND DIE BERECHNUNGSSTELLE]) ist vollständig wie folgt zu ersetzen:**

**§ 6  
DIE EMISSIONSSTELLE [UND] [,] DIE  
REGISTERSTELLE [UND] DIE  
BERECHNUNGSSTELLE]**

(1) **Bestellung; bezeichnete Geschäftsstelle.** Die anfänglich bestellte Emissionsstelle[, ] [und] die Registerstelle [und die Berechnungsstelle] und deren anfänglich bezeichneten Geschäftsstellen lauten wie folgt:

Emissionsstelle:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA

Registerstelle: Die Emissionsstelle ist auch die Registerstelle, handelnd durch die oben bezeichnete Geschäftsstelle.

contemplated by the treaty of European Union which was signed at Maastricht on February 7th, 1992, notified to the Registrar no later than the Record Date.]

(3) **Payment Business Day.** If the date for payment of any amount in respect of any Note is not a Payment Business Day (as defined below) then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Business Day" means a day which is a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for business in the principal financial centre of the country where the account of the payee is maintained in accordance with the foregoing, and (ii) **if the Specified Currency is not Euro insert:** commercial banks and foreign exchange markets in **insert all relevant financial centres**] **if the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) settles] payments.

(4) **References to Principal if the Note is subject to Early Redemption for Reasons of Taxation insert: and Interest.** References in these Terms and Conditions of the Notes to principal in respect of the Note shall be deemed to include, as applicable: the Final Redemption Amount of the Note (as specified in § 5 (1)); **in the case of an unsubordinated Note or if the Note is subject to Early Redemption for Reasons of Taxation insert:** the Early Redemption Amount of the Note (as specified below);] **if redeemable at the option of the Issuer for other than Reasons of Taxation insert:** the Call Redemption Amount of the Note (as specified below);] **if redeemable at the option of the Holder insert:** the Put Redemption Amount of the Note (as specified below);] **in the case of a Zero Coupon Note except in the case of a subordinated Note which is not subject to Early Redemption for Reasons of Taxation insert:** the Amortised Face Amount of the Note (as specified below);] **in the case of an Instalment Note insert:** the Instalment Amount(s) of the Note (as specified in § 5 (1));] and any premium and any other amounts which may be payable under or in respect of the Note. **if the Note is subject to Early Redemption for Reasons of Taxation insert:** References in these Terms and Conditions of the Notes to interest in respect of the Note shall be deemed to include, as applicable, any Additional Amounts (as defined in § 7) which may be payable under § 7.]

**§ 6 (FISCAL AGENT, [,] [AND] PAYING AGENTS [AND CALCULATION AGENT]) to be replaced in its entirety by the following:**

**§ 6  
FISCAL AGENT [AND] [,] REGISTRAR  
[AND CALCULATION AGENT]**

(1) **Appointment; specified offices.** The initial Fiscal Agent [, ] [and] the Registrar [and the Calculation Agent] and their respective initial specified offices are:

Fiscal Agent:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA

Registrar: The Fiscal Agent shall also be the Registrar, acting through the office specified above.

[Berechnungsstelle:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA]

Die Emissionsstelle[,] [und] die Registerstelle [und die Berechnungsstelle] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle[,] [und] der Registerstelle [oder der Berechnungsstelle] zu ändern oder zu beenden und eine andere Emissionsstelle[,] [und] eine andere Registerstelle [oder eine andere Berechnungsstelle] zu bestellen. Die Emittentin wird zu jedem Zeitpunkt eine Emissionsstelle[,] [und] eine Registerstelle [und eine Berechnungsstelle] unterhalten. Die Emissionsstelle und die Registerstelle sind ein und dieselbe Person, die in beiden Funktionen durch dieselbe bezeichnete Geschäftsstelle handelt. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern der Gläubiger hierüber gemäß § [12] vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurde.

(3) *Beauftragte der Emittentin.* Die Emissionsstelle[,] [und] die Registerstelle [und die Berechnungsstelle] handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber dem Gläubiger; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und dem Gläubiger begründet.]

**[§ 8 (VORLEGUNGSFRIST) ist vollständig wie folgt zu ersetzen:**

#### **§ 8 VERJÄHRUNG**

Die Verpflichtungen der Emittentin, Kapital und Zinsen auf diese Schuldverschreibung zu zahlen, verjähren (i) mit Bezug auf Kapital nach Ablauf von 10 Jahren nach dem Fälligkeitstag für die Zahlung von Kapital und (ii) mit Bezug auf Zinsen nach Ablauf von 4 Jahren nach dem Fälligkeitstag für die entsprechende Zinszahlung.]

**[§ [11] (BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG) ist vollständig wie folgt zu ersetzen:**

#### **§ [11] ERSETZUNG DER SCHULDVERSCHREIBUNG**

Sollte diese Schuldverschreibung verloren gehen, gestohlen, beschädigt, unleserlich gemacht oder zerstört werden, so kann sie bei der bezeichneten Geschäftsstelle der Registerstelle ersetzt werden; dabei hat der Anspruchsteller alle dabei möglicherweise entstehenden Kosten und Auslagen zu zahlen und alle angemessenen Bedingungen der Emittentin hinsichtlich des Nachweises und einer Freistellung zu erfüllen. Eine beschädigte oder unleserlich gemachte Schuldverschreibung muss eingereicht werden, bevor eine Ersatzurkunde ausgegeben wird.]

**[§ [12] (MITTEILUNGEN) ist vollständig wie folgt zu ersetzen:**

[Calculation Agent:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA]

The Fiscal Agent [,] [and] the Registrar [and the Calculation Agent] reserve the right at any time to change their respective offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent [,] [and] the Registrar [or the Calculation Agent] and to appoint another Fiscal Agent [,] [and] Registrar [or Calculation Agent]. The Issuer shall at all times maintain a Fiscal Agent and Registrar [and a Calculation Agent]. The Fiscal Agent and the Registrar shall be the same entity acting in both functions through the same specified office. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior written notice thereof shall have been given to the Holder in accordance with § [12].

(3) *Agents of the Issuer.* The Fiscal Agent [,] [and] the Registrar [and the Calculation Agent] act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for the Holder.]

**[§ 8 (PRESENTATION PERIOD) to be replaced in its entirety by the following:**

#### **§ 8 PRESCRIPTION**

The obligations of the Issuer to pay principal and interest in respect of this Note shall be prescribed (i) in respect of principal upon the expiry of 10 years following the respective due date for the payment of principal and (ii) in respect of interest upon the expiry of 4 years following the respective due date for the relevant payment of interest.]

**[§ [11] (FURTHER ISSUES, PURCHASES AND CANCELLATION) to be replaced in its entirety by the following:**

#### **§ [11] REPLACEMENT OF NOTE**

If this Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a replacement will be issued.]

**[§ [12] (NOTICES) to be replaced in its entirety by the following:**

**§ [12]  
MITTEILUNGEN**

Mitteilungen an den Gläubiger können wirksam per Post oder Telefax an die im Register aufgeführte Adresse oder Telefaxnummer des Gläubigers erfolgen.]

**[In § [13] (ANWENDBARES RECHT, ERFÜLLUNGSORT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG) sind GERICHTLICHE GELTENDMACHUNG in der Überschrift und die Bestimmungen des Absatzes [(4)] – Gerichtliche Geltendmachung – zu streichen.]**

**§ [12]  
NOTICES**

Notices to the Holder may be given, and are valid if given, by post or fax at the address or fax number of the Holder appearing in the Register.]

**[In § [13] (APPLICABLE LAW, PLACE OF PERFORMANCE; PLACE OF JURISDICTION AND ENFORCEMENT) „ENFORCEMENT“ is to be deleted in the heading and the provisions of subparagraph [(4)] – Enforcement – are to be deleted.]**

## C. BEDINGUNGEN FÜR NAMENSPFANDBRIEFE

Die nachfolgenden Anleitungen beziehen sich auf die oben in TEIL I wiedergegebenen und nach Maßgabe von Teil II (A) geänderten Bedingungen für Inhaberpfandbriefe. Diese Bedingungen werden im Falle eines Namenspfandbriefs nach Maßgabe der folgenden Anleitungen und der Bedingungen des anwendbaren Konditionenblattes abgeändert.

[§ 1 (WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN) ist vollständig wie folgt zu ersetzen:

### § 1 WÄHRUNG, FORM, ÜBERTRAGUNGEN, DEFINITIONEN

(1) *Währung und Nennbetrag.* Dieser öffentliche Namenspfandbrief wird von der Emittentin in **[festgelegte Währung einfügen]** (die „festgelegte Währung“) im Gesamtnennbetrag von **[Gesamtnennbetrag einfügen]** (in Worten: **[Gesamtnennbetrag in Worten einfügen]**) begeben.

(2) *Form.* Diese als Namensschuldverschreibung begebene Schuldverschreibung trägt die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Registerstelle oder in deren Namen mit einer eigenhändigen Kontrollunterschrift versehen.

(3) *Übertragung.*

(a) Die sich aus dieser Schuldverschreibung ergebenden Rechte des Gläubigers (wie in § 1 (4) definiert) und das Eigentum an dieser Urkunde gehen durch Abtretung und Eintragung in das Register (wie in § 1 (4) definiert) über. Soweit nicht ein zuständiges Gericht etwas anderes entschieden hat oder zwingendes Recht etwas anderes verlangt, haben die Emittentin, die Emissionsstelle und die Registerstelle den eingetragenen Gläubiger dieser Schuldverschreibung als den ausschließlichen Inhaber dieser Urkunde und der sich aus dieser ergebenden Rechte zu behandeln.

(b) Die sich aus dieser Schuldverschreibung ergebenden Rechte des Gläubigers und das Eigentum an dieser Urkunde können vollständig oder teilweise übertragen werden, indem diese Schuldverschreibung (zusammen mit dem ordnungsgemäß vervollständigten und unterzeichneten, auf der Rückseite dieser Schuldverschreibung abgedruckten Muster einer Abtretungserklärung) bei der bezeichneten Geschäftsstelle der Registerstelle eingereicht wird. Im Falle der teilweisen Übertragung dieser Schuldverschreibung ist dem Zedenten eine neue Schuldverschreibung über den nicht übertragenen Betrag auszustellen. Eine teilweise Übertragung dieser Schuldverschreibung ist nur für einen Mindestnennbetrag von **[festgelegte Währung und Mindestnennbetrag einfügen]** oder für ein ganzzahliges Vielfaches dieses Betrages zulässig.

(c) Jede nach einer Übertragung dieser Schuldverschreibung ausgestellte neue Schuldverschreibung wird innerhalb von sieben Geschäftstagen (Geschäftstag bedeutet für die Zwecke dieses Unterabsatzes einen Tag (außer einem Samstag oder Sonntag), an dem Banken an dem Ort der bezeichneten Geschäftsstelle der Registerstelle für den Geschäftsverkehr geöffnet sind) nach Einreichung dieser Schuldverschreibung und des ordnungsgemäß vervollständigten und unterzeichneten Musters einer Abtretungserklärung zur Abholung bei der bezeichneten Geschäftsstelle der Registerstelle bereitgehalten oder, auf Wunsch des einreichenden Gläubigers und wie in dem entsprechenden Muster der Abtretungserklärung angegeben, auf Gefahr des hinsichtlich der neuen Schuldverschreibung berechtigten Gläubigers an die in dem Muster der Abtretungserklärung angegebene Adresse versandt.

## C. TERMS AND CONDITIONS FOR PFANDBRIEFE IN REGISTERED FORM

The instructions given below refer to the terms and conditions of bearer Pfandbriefe set out in PART I above and modified pursuant to Part II (A) above. In the case of a registered Pfandbrief, these terms and conditions shall be modified in accordance with the instructions below, subject to the terms of the applicable Pricing Supplement.

[§ 1 (CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS) to be replaced in its entirety by the following:

### § 1 CURRENCY, FORM, TRANSFERS, CERTAIN DEFINITIONS

(1) *Currency and Principal Amount.* This public sector Pfandbrief in registered form is being issued by the Issuer in **[insert Specified Currency]** (the “Specified Currency”) in the principal amount of **[insert aggregate principal amount]** (in words: **[insert principal amount in words]**).

(2) *Form.* This Note is being issued in registered form and signed manually or in facsimile by two authorised signatories of the Issuer and authenticated manually by or on behalf of the Registrar (as specified in § 6 (1)).

(3) *Transfer.*

(a) The rights of the Holder (as defined in § 1 (4)) evidenced by this Note and title to this Note itself pass by assignment and registration in the Register (as defined in § 1 (4)). Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Fiscal Agent and the Registrar shall deem and treat the registered Holder of this Note as the absolute Holder thereof and of the rights evidenced thereby.

(b) The rights of the Holder evidenced by this Note and title to this Note itself may be transferred in whole or in part upon the surrender of this Note, together with the form of assignment endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of part only of this Note, a new Note in respect of the balance not transferred will be issued to the transferor. Any transfer of part only of this Note is permitted only for a minimum principal amount of **[insert Specified Currency and such Minimum Principal Amount]** or an integral multiple thereof.

(c) Each new Note to be issued upon transfer of this Note will, within seven business days (being, for the purposes of this subparagraph, a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar) of delivery of this Note and the duly completed and executed form of assignment, be available for collection at the specified office of the Registrar or, at the request of the Holder making such delivery and as specified in the relevant form of assignment, be mailed at the risk of the Holder entitled to the new Note to such address as may be specified in the form of assignment.



(d) Übertragungen werden vorgenommen, ohne dass von der oder für die Emittentin oder die Registerstelle hierfür eine Gebühr berechnet werden würde, aber erst nach Zahlung von Steuern oder anderen Abgaben, die im Zusammenhang mit der Übertragung erhoben werden (oder nach Abgabe von diesbezüglichen Freistellungserklärungen, wie sie von der Emittentin oder der Registerstelle verlangt werden können).

(e) Der Gläubiger kann die Eintragung der Übertragung dieser Schuldverschreibung nicht verlangen (i) während eines Zeitraums von 15 Tagen, der an dem Fälligkeitstag für eine Zahlung von Kapital endet, (ii) während eines Zeitraumes von 15 Tagen vor einem Tag, an dem diese Schuldverschreibung aufgrund der Ausübung eines der Emittentin zustehenden Wahlrechts vorzeitig zurückgezahlt werden kann, oder (iii) nachdem hinsichtlich dieser Schuldverschreibung ein Wahlrecht ausgeübt wurde, nach dessen Ausübung diese Schuldverschreibung ganz oder teilweise rückzahlbar ist.

(4) *Definitionen.* Für die Zwecke dieser Emissionsbedingungen bedeutet:

„Gläubiger“ der eingetragene Gläubiger dieser Schuldverschreibung. Jede Bezugnahme in diesen Emissionsbedingungen auf „Gläubiger“ im Plural gilt als eine Bezugnahme auf „Gläubiger“ im Singular.

„Register“ das von der Registerstelle geführte Register über diese Namensschuldverschreibung und andere unter dem Debt Issuance Programme der NRW.BANK begebene Namensschuldverschreibungen.

(5) *Bezugnahmen auf Schuldverschreibungen.* Jede Bezugnahme in diesen Emissionsbedingungen auf „Schuldverschreibung“ oder „diese Schuldverschreibung“ schließt jede neue Schuldverschreibung ein, die im Zusammenhang mit der Übertragung dieser Schuldverschreibung oder eines Teils derselben ausgestellt worden ist, es sei denn, aus dem Zusammenhang ergibt sich etwas anderes. Jede Bezugnahme in diesen Emissionsbedingungen auf „Schuldverschreibungen“ oder „diese Schuldverschreibungen“ im Plural gilt als Bezugnahme auf „Schuldverschreibung“ oder „diese Schuldverschreibung“ im Singular. Alle grammatikalischen und anderen Änderungen, die durch den Gebrauch des Wortes „Schuldverschreibung“ im Singular notwendig werden, gelten als in diesen Emissionsbedingungen vorgenommen und die Bestimmungen dieser Emissionsbedingungen sind so anzuwenden, dass dieser Änderung Wirksamkeit verschafft wird.]

**[§ 4 (ZÄHLUNGEN) ist vollständig wie folgt zu ersetzen:**

#### **§ 4 ZÄHLUNGEN**

(1) *Allgemeines.* Zahlungen von Kapital und Zinsen auf diese Schuldverschreibung werden an dem entsprechenden Fälligkeitstag an die Person geleistet, die bei Geschäftsschluss am fünfzehnten Tag vor einem solchen Fälligkeitstag (der „Stichtag“) in dem Register als Gläubiger aufgeführt ist.

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen Zahlungen in der frei handelbaren und konvertierbaren Währung des Staates der festgelegten Währung

**[falls die festgelegte Währung nicht Euro ist, einfügen:**, und zwar durch Überweisung auf ein, auf die festgelegte Währung lautendes Konto des Zahlungsempfängers, das dieser bei einer Bank in dem Hauptfinanzzentrum des Staates der festgelegten Währung unterhält und das der Registerstelle spätestens am Stichtag mitgeteilt worden ist.]

(d) Transfers will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment (or the giving of such indemnity as the Issuer or the Registrar may require in respect) of any tax or other duties which may be imposed in relation to it.

(e) The Holder may not require the transfer of this Note to be registered (i) during a period of 15 days ending on the due date for any payment of principal, (ii) during the period of 15 days prior to any date on which this Note may be redeemed at the option of the Issuer, or (iii) after this Note has been called for redemption in whole or in part.

(4) *Certain Definitions.* For purposes of these Terms and Conditions:

“Holder” means the registered holder of this Note. Any reference herein to “Holders” in plural form shall constitute a reference to “Holder” in singular form.

“Register” means the register maintained by the Registrar in respect of this Note and any other registered note that may be issued under the Debt Issuance Programme of NRW.BANK.

(5) *References to Notes.* Any reference herein to “Note” or “this Note” includes, unless the context otherwise requires, any new Note that has been issued upon transfer of this Note or part thereof. Any reference herein to “Notes” or “these Notes” in plural form shall constitute a reference to “Note” or “this Note” in singular form. All grammatical and other changes required by the use of the word “Note” in singular form shall be deemed to have been made herein and the provisions hereof shall be applied so as to give effect to such change.]

**[§ 4 (PAYMENTS) to be replaced in its entirety by the following:**

#### **§ 4 PAYMENTS**

(1) *General.* Payment of principal and interest in respect of this Note shall be made on the respective due date thereof to the person shown in the Register as the Holder at the close of business on the fifteenth day before such due date (the “Record Date”).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payment shall be made in the freely negotiable and convertible currency of the country of the Specified Currency

**[if the Specified Currency is not Euro insert:** by wire transfer to an account denominated in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency notified to the Registrar no later than the Record Date.]

**[falls die festgelegte Wahrung Euro ist, einfugen:** durch uberweisung auf ein auf Euro lautendes Konto des Zahlungsempfangers, das dieser bei einer Bank in einem Hauptfinanzzentrum eines Landes unterhalt, das als Mitgliedstaat Teilnehmer der Europaischen Wirtschafts- und Wahrungunion im Sinne des am 7. Februar 1992 in Maastricht unterzeichneten Vertrages uber die Europaische Union geworden ist, und welches Konto der Registerstelle spatestens am Stichtag mitgeteilt worden ist.]

(3) **Zahltag.** Fallt der Falligkeitstag einer Zahlung in bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Glaubiger keinen Anspruch auf Zahlung vor dem nachsten Zahltag am jeweiligen Geschaftsort. Der Glaubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspatung zu verlangen. Fur diese Zwecke bezeichnet „Zahltag“ einen Tag (auer einem Samstag oder Sonntag), an dem (i) Geschaftsbanken in dem Hauptfinanzzentrum des Landes, in dem das Konto des Zahlungsempfangers nach Magabe des Vorstehenden unterhalten wird, fur den Geschaftsverkehr geoffnet sind und (ii) **[falls die festgelegte Wahrung nicht Euro ist, einfugen:** Geschaftsbanken und Devisenmarkte in **[samtliche relevanten Finanzzentren einfugen]** Zahlungen abwickeln.] **[falls die festgelegte Wahrung Euro ist, einfugen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) Zahlungen abwickelt.]

(4) **Bezugnahmen auf Kapital.** Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibung schlieen, soweit anwendbar, die folgenden Betrage ein: den Ruckzahlungsbetrag der Schuldverschreibung (wie in § 5 (1) angegeben); den vorzeitigen Ruckzahlungsbetrag der Schuldverschreibung (wie nachstehend angegeben); **[falls die Emittentin das Wahlrecht hat, die Schuldverschreibung vorzeitig zuruckzahlen, einfugen:** den Wahl-Ruckzahlungsbetrag (Call) der Schuldverschreibung (wie nachstehend angegeben);] **[falls der Glaubiger ein Wahlrecht hat, die Schuldverschreibung zur vorzeitigen Ruckzahlung zu kundigen, einfugen:** den Wahl-Ruckzahlungsbetrag (Put) der Schuldverschreibung (wie nachstehend angegeben);] **[im Fall einer Nullkupon-Schuldverschreibung einfugen:** den Amortisationsbetrag der Schuldverschreibung (wie nachstehend angegeben);] **[im Fall einer Raten-Schuldverschreibung einfugen:** die auf die Schuldverschreibung zu leistende(n) Rate(n) (wie in § 5 (1) angegeben);] sowie jeden Aufschlag sowie sonstige auf oder in bezug auf die Schuldverschreibung zahlbaren Betrage.

**[§ 6 (DIE EMISSIONSSTELLE [,] [UND] DIE ZAHLSTELLEN [UND DIE BERECHNUNGSSTELLE]) ist vollstandig wie folgt zu ersetzen:**

**§ 6  
DIE EMISSIONSSTELLE [UND] [,] DIE  
REGISTERSTELLE [UND DIE BERECHNUNGSSTELLE]**

(1) **Bestellung; bezeichnete Geschaftsstelle.** Die anfanglich bestellte Emissionsstelle[,] [und] die Registerstelle [und die Berechnungsstelle] und deren anfanglich bezeichneten Geschaftsstellen lauten wie folgt:

Emissionsstelle:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA

Registerstelle: Die Emissionsstelle ist auch die Registerstelle, handelnd durch die oben bezeichnete Geschaftsstelle.

[Berechnungsstelle:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA]

**[if the Specified Currency is Euro insert:** by wire transfer to a Euro account maintained by the payee with a bank in a principal financial centre of a country which has become a participating member state in the European Economic and Monetary Union as contemplated by the treaty of European Union which was signed at Maastricht on February 7th, 1992, notified to the Registrar no later than the Record Date.]

(3) **Payment Business Days.** If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “Payment Business Day” means a day which is a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for business in the principal financial centre of the country where the account of the payee is maintained in accordance with the foregoing, and (ii) **[if the Specified Currency is not Euro insert:** commercial banks and foreign exchange markets in **[insert all relevant financial centres] settle] [if the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) settles] payments.

(4) **References to Principal.** References in these Terms and Conditions of the Notes to principal in respect of the Note shall be deemed to include, as applicable: the Final Redemption Amount of the Note (as specified in § 5 (1)); the Early Redemption Amount of the Note (as specified below); **if redeemable at the option of the Issuer insert:** the Call Redemption Amount of the Note (as specified below);] **[if redeemable at the option of the Holder insert:** the Put Redemption Amount of the Note (as specified below);] **[in the case of a Zero Coupon Note insert:** the Amortised Face Amount of the Note (as specified below);] **[in the case of an Instalment Note insert:** the Instalment Amount(s) of the Note (as specified in § 5 (1));] and any premium and any other amounts which may be payable under or in respect of the Note.

**[§ 6 (FISCAL AGENT, [,] [AND] PAYING AGENTS [AND CALCULATION AGENT]) to be replaced in its entirety by the following:**

**§ 6  
FISCAL AGENT [AND] [,] REGISTRAR  
[AND CALCULATION AGENT]**

(1) **Appointment; specified offices.** The initial Fiscal Agent [,] [and] the Registrar [and the Calculation Agent] and their respective initial specified offices are:

Fiscal Agent:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA

Registrar: The Fiscal Agent shall also be the Registrar, acting through the office specified above.

[Calculation Agent:

Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA]

Die Emissionsstelle[,] [und] die Registerstelle [und die Berechnungsstelle] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle[,] [und] der Registerstelle [oder der Berechnungsstelle] zu ändern oder zu beenden und eine andere Emissionsstelle[,] [und] eine andere Registerstelle [oder eine andere Berechnungsstelle] zu bestellen. Die Emittentin wird zu jedem Zeitpunkt eine Emissionsstelle[,] [und] eine Registerstelle [und eine Berechnungsstelle] unterhalten. Die Emissionsstelle und die Registerstelle sind ein und dieselbe Person, die in beiden Funktionen durch dieselbe bezeichnete Geschäftsstelle handelt. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern der Gläubiger hierüber gemäß § [12] vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurde.

(3) *Beauftragte der Emittentin.* Die Emissionsstelle[,] [und] die Registerstelle [und die Berechnungsstelle] handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber dem Gläubiger; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und dem Gläubiger begründet.]

**§ 8 (VORLEGUNGSFRIST) ist vollständig wie folgt zu ersetzen:**

**§ 8  
VERJÄHRUNG**

Die Verpflichtungen der Emittentin, Kapital und Zinsen auf diese Schuldverschreibung zu zahlen, verjähren (i) mit Bezug auf Kapital nach Ablauf von 10 Jahren nach dem Fälligkeitstag für die Zahlung von Kapital und (ii) mit Bezug auf Zinsen nach Ablauf von 4 Jahren nach dem Fälligkeitstag für die entsprechende Zinszahlung.]

**§ [11] (BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG) ist vollständig wie folgt zu ersetzen:**

**§ [11]  
ERSETZUNG DER  
SCHULDVERSCHREIBUNG**

Sollte diese Schuldverschreibung verloren gehen, gestohlen, beschädigt, unleserlich gemacht oder zerstört werden, so kann sie bei der bezeichneten Geschäftsstelle der Registerstelle ersetzt werden; dabei hat der Anspruchsteller alle dabei möglicherweise entstehenden Kosten und Auslagen zu zahlen und alle angemessenen Bedingungen der Emittentin hinsichtlich des Nachweises und einer Freistellung zu erfüllen. Eine beschädigte oder unleserlich gemachte Schuldverschreibung muss eingereicht werden, bevor eine Ersatzurkunde ausgegeben wird.]

**§ [12] (MITTEILUNGEN) ist vollständig wie folgt zu ersetzen:**

**§ [12]  
MITTEILUNGEN**

Mitteilungen an den Gläubiger können wirksam per Post oder Telefax an die im Register aufgeführte Adresse oder Telefaxnummer des Gläubigers erfolgen.]

**[In § [13] (ANWENDBARES RECHT, ERFÜLLUNGORT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG) sind GERICHTLICHE GELTENDMACHUNG in der Überschrift und die Bestimmungen des Absatzes [(4)] - Gerichtliche Geltendmachung -zu streichen.]**

The Fiscal Agent [,] [and] the Registrar [and the Calculation Agent] reserve the right at any time to change their respective offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent [,] [and] the Registrar [or the Calculation Agent] and to appoint another Fiscal Agent [,] [and] Registrar [or Calculation Agent]. The Issuer shall at all times maintain a Fiscal Agent and Registrar [and a Calculation Agent]. The Fiscal Agent and the Registrar shall be the same entity acting in both functions through the same specified office. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior written notice thereof shall have been given to the Holder in accordance with § [12].

(3) *Agents of the Issuer.* The Fiscal Agent [,] [and] the Registrar [and the Calculation Agent] act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for the Holder.]

**§ 8 (PRESENTATION PERIOD) to be replaced in its entirety by the following:**

**§ 8  
PRESCRIPTION**

The obligations of the Issuer to pay principal and interest in respect of this Note shall be prescribed (i) in respect of principal upon the expiry of 10 years following the respective due date for the payment of principal and (ii) in respect of interest upon the expiry of 4 years following the respective due date for the relevant payment of interest.]

**§ [11] (FURTHER ISSUES, PURCHASES AND CANCELLATION) to be replaced in its entirety by the following:**

**§ [11]  
REPLACEMENT OF NOTE**

If this Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the applicant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a replacement will be issued.]

**§ [12] (NOTICES) to be replaced in its entirety by the following:**

**§ [12]  
NOTICES**

Notices to the Holder may be given, and are valid if given, by post or fax at the address or fax number of the Holder appearing in the Register.]

**[In § [13] (APPLICABLE LAW, PLACE OF PERFORMANCE; PLACE OF JURISDICTION AND ENFORCEMENT) "ENFORCEMENT" is to be deleted in the heading and the provisions of paragraph [(4)] Enforcement to be deleted.]**

#### D. BEDINGUNGEN FÜR AUF DEN INHABER LAUTENDE EINZELURKUNDEN

Falls das anwendbare Konditionenblatt die Begebung von Einzelurkunden vorsieht, werden die Bedingungen für Inhaberschuldverschreibungen (ausgenommen Pfandbriefe), die in Globalurkunden verbrieft sind, gemäß TEIL I (und, im Fall von Inhaber-Pfandbriefen, unter Einschluss des Zusatzes für Inhaber-Pfandbriefe gemäß TEIL II (A)) nach Maßgabe der folgenden Anleitungen und der Bedingungen des anwendbaren Konditionenblattes abgeändert.

§ 1 (3) (a) (WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN – Vorläufige Globalurkunde – Austausch) ist wie folgt zu ersetzen:

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die „vorläufige Globalurkunde“) ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird **falls die vorläufige Globalurkunde ausschließlich gegen Einzelurkunden ausgetauscht wird, einfügen:** gegen Einzelurkunden in den festgelegten Stückelungen („Einzelurkunden“) **falls die Schuldverschreibungen mit Zinsscheinen, Talons und/oder Rückzahlungsscheinen ausgegeben werden, einfügen:** mit beigefügten [Zinsscheinen („Zinsscheine“)] [[,] [und] Talons („Talons“) für weitere Zinsscheine] [und Rückzahlungsscheinen („Rückzahlungsscheine“) für die Zahlung der Tilgungsraten] ausgetauscht]. Die vorläufige Globalurkunde trägt die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Emissionsstelle oder in deren Namen mit einer eigenhändigen oder faksimilierten Kontrollunterschrift versehen. Die Einzelurkunden **falls die Schuldverschreibungen mit Zinsscheinen, Talons und/oder Rückzahlungsscheinen ausgegeben werden, einfügen:** und die [Zinsscheine] [und] [Talons] [und Rückzahlungsscheine] tragen die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin, und die Einzelurkunden sind von der Emissionsstelle oder in deren Namen mit einer eigenhändigen oder faksimilierten Kontrollunterschrift versehen.

**[(i) Im Fall von Schuldverschreibungen, die keine TEFRA D Schuldverschreibungen sind, ist § 1 (3) (b) (WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN – Vorläufige Globalurkunde – Austausch) wie folgt zu ersetzen:**

(b) Die vorläufige Globalurkunde ist an einem Tag (der „Austauschtag“), der nicht später als 180 Tage nach dem Tag der Begebung der vorläufigen Globalurkunde liegt, gegen Schuldverschreibungen in der in dem vorstehenden Unterabsatz (a) vorgesehenen Form auszutauschen.]

**[(ii) Im Fall von TEFRA D Schuldverschreibungen ist § 1 (3) (b) (WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN – Vorläufige Globalurkunde – Austausch) wie folgt zu ersetzen:**

(b) Die vorläufige Globalurkunde wird an einem Tag (der „Austauschtag“) gegen Schuldverschreibungen in der in dem vorstehenden Unterabsatz (a) vorgesehenen Form und unter den dort aufgestellten Voraussetzungen ausgetauscht, der nicht mehr als 180 Tage nach dem Tag der Begebung der vorläufigen Globalurkunde liegt. Der Austausch tag für einen solchen Austausch darf nicht weniger als 40 Tage nach dem Tag der Begebung der vorläufigen Globalurkunde liegen. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vor-

#### D. TERMS AND CONDITIONS FOR DEFINITIVE NOTES IN BEARER FORM

If the applicable Pricing Supplement provides for the issue of definitive Notes the terms and conditions of bearer Notes represented by Global Notes (other than Pfandbriefe) set out in PART I above (and, in the case of bearer Pfandbriefe, including the Supplement to the terms and conditions for bearer Pfandbriefe set out in PART II (A) above) shall be modified in accordance with the instructions below, subject to the terms of the applicable Pricing Supplement.

§ 1 (3) (a) (CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS – Temporary Global Note – Exchange) to be replaced by:

(a) The Notes are initially represented by a temporary global note (the “Temporary Global Note”) without coupons. The Temporary Global Note will be exchangeable for **if Temporary Global Note is exchangeable for Definitive Notes only insert:** individual Notes in the Specified Denominations in definitive form (“Definitive Notes”) **if the Notes are issued with Coupons, Talons and/or Receipts insert:** with attached [interest coupons (“Coupons”) [[,] [and] talons (“Talons”) for further Coupons] [and] [payment receipts (“Receipts”) in respect of the instalments of principal payable]]. The Temporary Global Note shall be signed manually or in facsimile by two authorised signatories of the Issuer and the Temporary Global Note shall be authenticated manually or in facsimile by or on behalf of the Fiscal Agent. Definitive Notes **if the Notes are issued with Coupons, Talons and/or Receipts insert:** and [Coupons] [and] [.] [Talons] [and Receipts] shall be signed manually or in facsimile by two authorised signatories of the Issuer and the Definitive Notes shall be authenticated manually or in facsimile by or on behalf of the Fiscal Agent.

**[(i) In the case of Notes other than TEFRA D Notes, replace § 1 (3) (b) (CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS – Temporary Global Note – Exchange) by:**

(b) The Temporary Global Note shall be exchanged for Notes in the form provided in subparagraph (a) above on a date (the “Exchange Date”) not later than 180 days after the date of issue of the Temporary Global Note.]

**[(ii) In the case of TEFRA D Notes, replace § 1 (3) (b) (CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS – Temporary Global Note – Exchange) by:**

(b) The Temporary Global Note shall be exchanged for Notes in the form and subject to the conditions provided in subparagraph (a) above on a date (the “Exchange Date”) not later than 180 days after the date of issue of the Temporary Global Note. The Exchange Date shall not be earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of

läufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Begebung der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Unterabsatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten zu liefern (wie in § 4 (3) definiert).]

**[§ 1 (4) und (5) (WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN – Clearing System / Gläubiger von Schuldverschreibungen) ist wie folgt zu ersetzen:**

(4) *Clearing System.* „Clearing System“ bedeutet **[bei mehr als einem Clearing System einfügen:** jeweils] folgendes: [Clearstream Banking AG („CBF“) [,] [und] [Clearstream Banking, société anonyme („CBL“) [,] [und] [Euroclear Bank S.A./N.V., als Betreiberin des Euroclear Systems „(Euroclear)“] [,] [und] **anderes Clearing System angeben]** oder jeder Funktionsnachfolger.

(5) *Gläubiger von Schuldverschreibungen.* „Gläubiger“ bedeutet, in bezug auf die bei einem Clearing System oder einem sonstigen zentralen Wertpapierverwahrer hinterlegten Schuldverschreibungen, jeder Inhaber eines Miteigentumsanteils oder anderen Rechts an den hinterlegten Schuldverschreibungen und sonst, im Falle von Einzelurkunden, der Inhaber einer Einzelurkunde.

(6) *Bezugnahmen auf Schuldverschreibungen.* Bezugnahmen in diesen Emissionsbedingungen auf die „Schuldverschreibungen“ schließen Bezugnahmen auf jede die Schuldverschreibungen verbriefende Globalurkunde und jede Einzelurkunde **[falls die Schuldverschreibungen mit Zinsscheinen, Talons und/oder Rückzahlungsscheinen begeben werden, einfügen:** und die zugehörigen [Zinsscheine][,] [und] [Globalzinsscheine][,] [und] [Talons] [und Rückzahlungsscheine]] ein, es sei denn, aus dem Zusammenhang ergibt sich etwas anderes.]

**[Bei festverzinslichen Schuldverschreibungen ist § 3 (2) (ZINSEN – INDEXIERUNG – Zinslauf) wie folgt zu ersetzen:**

(2) *Zinslauf.* Der Zinslauf der Schuldverschreibungen endet an dem Tag, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung des ausstehenden Nennbetrags der Schuldverschreibungen nicht am Tag der Fälligkeit, sondern erst mit der tatsächlichen Rückzahlung der Schuldverschreibungen, spätestens jedoch mit Ablauf des fünften Tages nach der Bekanntmachung durch die Emissionsstelle gemäß § [12], dass ihr die für die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind. Weitergehende Ansprüche der Gläubiger bleiben unberührt]

**[Bei variabel verzinslichen Schuldverschreibungen ist § 3(7) (ZINSEN – INDEXIERUNG – Zinslauf) wie folgt zu ersetzen:**

[7] *Zinslauf.* Der Zinslauf der Schuldverschreibungen endet an dem Tag, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrags der Schuldverschreibungen nicht am Fälligkeitstag, sondern erst mit der tatsächlichen Rückzahlung der Schuldverschreibungen, spätestens jedoch mit Ablauf des fünften Tages nach der Bekanntmachung durch die Emissionsstelle gemäß § [12], dass ihr die für die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind. Der jeweils geltende Zinssatz wird gemäß diesem § 3 bestimmt. Weitergehende Ansprüche der Gläubiger bleiben unberührt.]

interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).]

**[§ 1 (4) and (5) (CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS – Clearing System/Holder of Notes) to be replaced by:**

(4) *Clearing System.* “Clearing System” as used herein means **[if more than one Clearing System insert:** each of] the following: [Clearstream Banking AG (“CBF”) [,] [and] [Clearstream Banking, société anonyme (“CBL”) [,] [and] [Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”)] [,] [and] **specify other Clearing System]** or any successor in respect of the functions performed by **[if more than one Clearing System insert:** each of the Clearing Systems] **[if one Clearing System insert:** [Clearing System]].

(5) *Holder of Notes.* “Holder” as used herein means, in respect of Notes deposited with any Clearing System or other central securities depository, any holder of a proportionate co-ownership or other beneficial interest or right in the Notes so deposited and otherwise in the case of Definitive Notes the bearer of a Definitive Note.

(6) *References to Notes.* References herein to the “Notes” include (unless the context otherwise requires) references to any global note representing the Notes and any Definitive Notes **[if the Notes are issued with Coupons, Talons and/or Receipts insert:** and the [Coupons] [,] [and] [Global Interest Coupons] [,] [and] [Talons] [and Receipts] appertaining thereto].]

**[In the case of Fixed Rate Notes replace § 3 (2) (INTEREST – INDEXATION – Accrual of Interest) by:**

(2) *Accrual of Interest.* The Notes shall cease to bear interest from the due date for their redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the actual redemption of the Notes, but not beyond the fifth day after notice has been given by the Fiscal Agent in accordance with § [12] that the funds required for redemption have been provided to the Fiscal Agent. This does not affect any additional rights that might be available to the Holders.]

**[In the case of Floating Rate Notes replace § 3 [7] (INTEREST – INDEXATION – Accrual of Interest) by:**

[7] *Accrual of Interest.* The Notes shall cease to bear interest from their due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until actual redemption of the Notes, but not beyond the fifth day after notice has been given by the Fiscal Agent in accordance with § [12] that the funds required for redemption have been provided to the Fiscal Agent. The applicable Rate of Interest will be determined in accordance with this § 3. This does not affect any additional rights that might be available to the Holders.]

**[Bei Nullkupon-Schuldverschreibungen ist § 3 (2) (ZINSEN – INDEXIERUNG – *Zinslauf*) wie folgt zu ersetzen:**

(2) *Zinslauf.* Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, fallen auf den ausstehenden Nennbetrag der Schuldverschreibungen ab dem Fälligkeitstag (einschließlich) bis zum Tag der tatsächlichen Rückzahlung (ausschließlich) Zinsen in Höhe von **[Emissionsrendite einfügen]** per annum an; die Verzinsung endet jedoch spätestens mit Ablauf des fünften Tages nach Bekanntmachung durch die Emissionsstelle gemäß § [12], dass ihr die für die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind. Weitergehende Ansprüche der Gläubiger bleiben unberührt.]

**[§ 4 (1) [(a)] (ZAHLUNGEN – *Zahlungen auf Kapital*) ist wie folgt zu ersetzen:**

(1) [(a)] *Zahlungen auf Kapital.* Zahlungen von Kapital in bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) gegen Vorlage und (außer im Falle von Teilzahlungen) Einreichung der entsprechenden Einzelurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten oder bei der bezeichneten Geschäftsstelle einer anderen Zahlstelle außerhalb der Vereinigten Staaten.]

**[Bei Raten-Schuldverschreibungen einfügen:**

Die Zahlung von Raten (wie in § 5 (1) angegeben) auf eine Raten-Schuldverschreibung mit Rückzahlungsscheinen erfolgt gegen Vorlage der Einzelurkunde zusammen mit dem betreffenden Rückzahlungsschein und Einreichung dieses Rückzahlungsscheins und, im Falle der letzten Ratenzahlung, gegen Einreichung der Einzelurkunde bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten. Rückzahlungsscheine begründen keinen Titel. Rückzahlungsscheine, die ohne die dazugehörige Einzelurkunde vorgelegt werden, begründen keine Verpflichtungen der Emittentin. Daher berechtigt die Vorlage der Einzelurkunde einer Raten-Schuldverschreibung ohne den entsprechenden Rückzahlungsschein oder die Vorlage eines Rückzahlungsscheins ohne die dazugehörige Einzelurkunde den Gläubiger nicht, die Zahlung einer Rate zu verlangen.]

**[Bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind, ist § 4 (1) (b) (ZAHLUNGEN – *Zahlung von Zinsen*) wie folgt zu ersetzen:**

(b) *Zahlung von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) gegen Vorlage und Einreichung der entsprechenden Zinsscheine oder, im Falle von nicht mit Zinsscheinen ausgestatteten Schuldverschreibungen oder im Falle von Zinszahlungen, die nicht an einem für Zinszahlungen vorgesehenen Tag fällig werden, gegen Vorlage der entsprechenden Einzelurkunden bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten oder bei der bezeichneten Geschäftsstelle einer anderen Zahlstelle außerhalb der Vereinigten Staaten.

**[Bei TEFRA D Schuldverschreibungen einfügen:** Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (3) (b).]]

**[Bei Schuldverschreibungen, die mit Zinsscheinen, Talons und/oder Rückzahlungsscheinen begeben werden, ist als § 4 (1) (c) (ZAHLUNGEN – *Einreichung von [Zinsscheinen][,][und][Talons] [und Rückzahlungsscheinen]*) einzufügen:**

**[In the case of Zero Coupon Notes replace § 3 (2) (INTEREST – INDEXATION) *Accrual of Interest*) by:**

(2) *Accrual of Interest.* If the Issuer fails to redeem the Notes when due, interest shall accrue on the outstanding principal amount of the Notes as from, and including, the due date to, but excluding, the date of actual redemption at the rate of **insert Amortisation Yield** per annum, but not beyond the fifth day after notice has been given by the Fiscal Agent in accordance with § [12] that the funds required for redemption have been provided to the Fiscal Agent. This does not affect any additional rights that might be available to the Holders.]

**[§ 4 (1) [(a)] (PAYMENTS) – *Payment of Principal*) to be replaced by:**

(1) [(a)] *Payment of Principal.* Payment of principal in respect of the Notes shall be made, subject to paragraph (2) below, against presentation and (except in the case of partial payment) surrender of the relevant Definitive Note at the specified office of the Fiscal Agent outside the United States or at the specified office of any other Paying Agent outside the United States.]

**[In the case of Instalment Notes insert:**

Payment of Instalment Amounts (as specified in § 5 (1)) in respect of an Instalment Note with Receipts will be made against presentation of the Definitive Note together with the relevant Receipt and surrender of such Receipt and, in the case of the final Instalment Amount, surrender of the Definitive Note at the specified office of any Paying Agent outside the United States. Receipts are not documents of title and, if separated from the Definitive Note to which they relate, shall not represent any obligation of the Issuer. Accordingly, the presentation of a Definitive (Instalment) Note without the relevant Receipt or the presentation of a Receipt without the Definitive Note to which it pertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.]

**[In the case of Notes other than Zero Coupon Notes replace § 4 (1) (b) (PAYMENTS – *Payment of Interest*) by:**

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to paragraph (2), against presentation and surrender of the relevant Coupons or in the case of Notes in respect of which Coupons have not been issued or in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Notes, at the specified office of the Fiscal Agent outside the United States or at the specified office of any other Paying Agent outside the United States.

**[In the case of TEFRA D Notes insert:** Payment of interest on Notes represented by a Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1 (3) (b).]]

**[In the case of Notes with Coupons, Talons and/or Receipts insert as § 4 (1) (c) (PAYMENTS – *Surrender of [Coupons] [,] [and] [Talons] [and Receipts]*):**

(c) *Einreichung von [Zinsscheinen][,][und] Talons [und Rückzahlungsscheinen].* Jede Einzelurkunde, die anfänglich mit beigefügten [Zinsscheinen] [,] [und] Talons [und Rückzahlungsscheinen] ausgegeben wurde, ist bei Rückzahlung vorzulegen und, außer im Falle einer Teilzahlung des Rückzahlungsbetrages, zusammen mit allen dazugehörigen noch nicht fälligen [Zinsscheinen][,] [und] [Talons] [und Rückzahlungsscheinen] einzureichen; erfolgt dies nicht,

**[Bei festverzinslichen Schuldverschreibungen einfügen:** wird der Betrag der fehlenden noch nicht fälligen Zinsscheine (oder falls die Zahlung nicht vollständig erfolgt, der Anteil des Gesamtbetrages solcher fehlenden, nicht fälligen Zinsscheine, wie er dem Verhältnis zwischen dem tatsächlich gezahlten Betrag und der fälligen Summe entspricht) von dem ansonsten bei der Rückzahlung fälligen Betrag abgezogen[, ] [und] [.]

**[Bei variabel verzinslichen Schuldverschreibungen einfügen:** werden sämtliche nicht fälligen, der Einzelurkunde zugehörigen Zinsscheine (gleich, ob sie zusammen mit der Einzelurkunde eingereicht werden oder nicht) ungültig, und es erfolgt ab diesem Zeitpunkt keine Zahlung mehr auf sie[, ] [und] [.]

**[Bei Schuldverschreibungen, die anfänglich mit Talons ausgegeben werden, einfügen:** werden sämtliche, der Einzelurkunde zugehörigen nicht fälligen Talons (gleich, ob sie zusammen mit der Einzelurkunde eingereicht werden oder nicht) ungültig und können zu einem späteren Zeitpunkt nicht gegen Zinsscheine ausgetauscht werden[, ] [und] [.]

**[Bei Schuldverschreibungen, die anfänglich mit Rückzahlungsscheinen ausgegeben werden, einfügen:** werden sämtliche, der Einzelurkunde zugehörigen Rückzahlungsscheine, die in bezug auf die Zahlung einer Rate (wäre die Einzelurkunde nicht zurückgezahlt worden) an einem Tag nach Rückzahlung der Einzelurkunde fällig geworden wären (gleich, ob die Rückzahlungsscheine mit dieser Einzelurkunde eingereicht wurden oder nicht), ungültig, und es erfolgt ab diesem Zeitpunkt keine Zahlung mehr auf sie.]

**[Bei festverzinslichen Schuldverschreibungen, die anfänglich mit Zinsscheinen ausgegeben werden, einfügen:** Werden Schuldverschreibungen mit einer Fälligkeit und einem Zinssatz oder Zinssätzen begeben, die dazu führen würden, dass bei Vorlage zur Zahlung der Einzelurkunde ohne dazugehörige noch nicht fällige Zinsscheine der wie vorstehend dargelegt in Abzug zu bringende Betrag den ansonsten zu zahlenden Rückzahlungsbetrag übersteigt, so werden diese noch nicht fälligen Zinsscheine (gleich, ob sie beigefügt sind oder nicht) zum Zeitpunkt der Fälligkeit solcher Schuldverschreibungen ungültig (und es erfolgt auf sie keine Zahlung), aber nur insoweit, dass der gemäß der vorstehenden Regelung in Abzug zu bringende Betrag den vorgesehenen Rückzahlungsbetrag nicht übersteigt. Sofern die Anwendung des letzten Satzes die Entwertung einiger, aber nicht sämtlicher noch nicht fälliger Zinsscheine einer Schuldverschreibung erfordert, bestimmt die betreffende Zahlstelle, welche nicht fälligen Zinsscheine ungültig werden sollten, wobei zu diesem Zwecke später fällige Zinsscheine vor früher fälligen Zinsscheinen für ungültig zu erklären sind.]

**[Bei Schuldverschreibungen, die anfänglich mit Talons ausgegeben werden, einfügen:**

Am oder nach dem Zinszahlungstag, an dem der letzte Zinsschein eines Zinsscheinbogens fällig wird, kann der im Zinsscheinbogen enthaltene Talon bei der bezeichneten Geschäftsstelle einer Zahlstelle im Austausch gegen einen weiteren Zinsscheinbogen (einschließlich ggf. eines weiteren Talons) eingereicht werden. Jeder Talon gilt für die Zwecke dieser Emissionsbedingungen als am Zinszahlungstag fällig, an dem der letzte im jeweiligen Zinsscheinbogen enthaltene Zinsschein fällig wird.]

(c) *Surrender of [Coupons] [,] [and] Talons [and Receipts].* Each Definitive Note initially delivered with [Coupons] [,] [and] Talons [and Receipts] attached thereto must be presented and, except in the case of partial payment of the redemption amount, surrendered for final redemption together with all unmatured [Coupons] [,] [and] [Talons] [and Receipts] relating thereto, failing which

**[In the case of Fixed Rate Notes insert:** the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the total amount of such missing Coupons which the redemption amount paid bears to the total redemption amount due) shall be deducted from the amount otherwise payable on such final redemption [,] [and] [.]

**[In the case of Floating Rate Notes insert:** all unmatured Coupons relating to such Definitive Note (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them [,] [and] [.]

**[In the case of Notes initially delivered with Talons insert:** all unmatured Talons relating to such Definitive Note (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them [,] [and] [.]

**[In the case of Notes initially delivered with Receipts insert:** all Receipts relating to such Definitive Note in respect of payment of an Instalment Amount which (but for such redemption of the Definitive Note) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.]

**[In the case of Fixed Rate Notes initially delivered with Coupons insert:** If the Notes are issued with a maturity date and an interest rate or rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted in accordance with the foregoing would be greater than the redemption amount otherwise due for payment, then upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that the amount required to be deducted in accordance with the foregoing would not be greater than the redemption amount otherwise due for payment. Where the application of the preceding sentence requires some but not all of the unmatured Coupons relating to a Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.]

**[In the case of Notes initially delivered with Talons insert:**

On or after the Interest Payment Date on which the final Coupon in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent, in exchange for a further Coupon sheet (including any appropriate further Talon). Each Talon shall, for the purpose of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon in the relative Coupon sheet matures.]

**§ 4 (2) (ZAHLUNGEN – Zahlungsweise) ist wie folgt zu ersetzen:**

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen auf die Schuldverschreibungen zu leistende Zahlungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist

**[Bei Zahlungen in einer anderen Währung als Euro oder US-Dollar einfügen:;** und zwar durch in dieser Währung zahlbaren Scheck, ausgestellt auf eine Bank in dem Hauptfinanzzentrum des Landes der festgelegten Währung oder, nach Wahl des Zahlungsempfängers, durch Überweisung auf ein auf die festgelegte Währung lautendes Konto des Zahlungsempfängers, das dieser bei einer Bank in diesem Finanzzentrum unterhält.]

**[Bei Zahlungen in Euro einfügen:;** und zwar durch in Euro zahlbaren Scheck, ausgestellt auf eine Bank in einem Hauptfinanzzentrum eines Landes, das als Mitgliedstaat Teilnehmer der Europäischen Wirtschafts- und Währungsunion im Sinne des am 7. Februar 1992 in Maastricht unterzeichneten Vertrages über die Europäische Union geworden ist, oder nach Wahl des Zahlungsempfängers, durch Überweisung auf ein auf Euro lautendes Konto, das der Zahlungsempfänger bei einer Bank in einem solchen Finanzzentrum unterhält.]

**[Bei Zahlungen in US-Dollar einfügen:;** und zwar durch in US-Dollar zahlbaren Scheck, ausgestellt auf eine Bank in New York City oder, nach Wahl des Zahlungsempfängers, durch Überweisung auf ein auf US-Dollar lautendes Konto, das der Zahlungsempfänger bei einer Bank außerhalb der Vereinigten Staaten unterhält.]

**§ 4 (3) (ZAHLUNGEN – Vereinigte Staaten) ist wie folgt zu ersetzen:**

(3) *Vereinigte Staaten.* Für die Zwecke des **[im Fall von TEFRA D Schuldverschreibungen einfügen: § 1(3) und des] Absatzes (1) [im Fall von Zahlungen in US-Dollar einfügen: und des Absatzes (2)]** dieses § 4 bezeichnet „Vereinigte Staaten“ die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des „District of Columbia“) sowie deren Territorien (einschließlich Puerto Ricos, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).]

**§ 4 (4) (ZAHLUNGEN – Erfüllung) ist wie folgt zu ersetzen:**

(4) *Erfüllung.* Bei Schuldverschreibungen, die über ein Clearing System gehalten werden, wird die Emittentin durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.]

**§ 5 [(3)] (b) (ii) (RÜCKZAHLUNG – Vorzeitige Rückzahlung nach Wahl der Emittentin) ist wie folgt zu ersetzen:**

(ii) eine Erklärung, ob diese Serie ganz oder teilweise zurückgezahlt wird und im letzten Fall den Gesamtnennbetrag und die Seriennummern der zurückzuzahlenden Einzelkunden;]

**§ 5 [(3)] (c) (RÜCKZAHLUNG – Vorzeitige Rückzahlung nach Wahl der Emittentin) ist wie folgt zu ersetzen:**

(c) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen durch Los oder auf andere Weise ermittelt, die der Emissionsstelle nach ihrem Ermessen als angemessen und billig erscheint.]

**§ 5 [(4)] (b) (RÜCKZAHLUNG – Vorzeitige Rückzahlung nach Wahl des Gläubigers) ist wie folgt zu ersetzen:**

**§ 4 (2) (PAYMENTS – Manner of Payment) to be replaced by:**

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency

**[In the case of payments in a currency other than Euro, or U.S. dollars insert:** by cheque payable in such currency drawn on a bank in the principal financial centre of the country of a Specified Currency or, at the option of the payee, by wire transfer to an account denominated in such currency maintained by the payee with a bank in such financial centre.]

**[In the case of payments in Euro insert:** by Euro cheque drawn on a bank in a principal financial centre of a country which has become a participating member state in the European Economic and Monetary Union as contemplated by the treaty on European Union which was signed at Maastricht on February 7th, 1992, or, at the option of the payee, by wire transfer to a Euro account maintained by the payee with a bank in such financial centre.]

**[In the case of payments in U.S. dollars insert:** by U.S. dollar cheque drawn on a bank in New York City or, at the option of the payee, by wire transfer to a U.S. dollar account maintained by the payee at a bank outside the United States.]]

**§ 4 (3) (PAYMENTS – United States) to be replaced by:**

(3) *United States.* For purposes of **[in the case of TEFRA D Notes insert: § 1(3) and] paragraph (1) [in the case of payments in U.S. dollars insert: and (2)]** of this § 4, „United States“ means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).]

**§4 (4) (PAYMENTS – Discharge) to be replaced by:**

(4) *Discharge.* In the case of any Notes held through any Clearing System, the Issuer shall be discharged by payment to, or to the order of, the Clearing System.]

**§ 5 [(3)] (b) (ii) (REDEMPTION – Early Redemption at the Option of the Issuer) to be replaced by:**

(ii) whether such series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes and the serial numbers of the Definitive Notes which are to be redeemed;]

**§ 5 [(3)] (c) (REDEMPTION – Early Redemption at the Option of the Issuer) to be replaced by:**

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be drawn by lot or identified in such other manner as the Fiscal Agent may in its sole discretion deem appropriate and fair.]

**§ 5 [(4)] (b) (REDEMPTION – Early Redemption at the Option of the Holder) to be replaced by:**



(b) Um dieses Wahlrecht auszuüben, hat der Gläubiger nicht weniger als **[Mindestkündigungsfrist einfügen]** Tage und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage vor dem Wahl-Rückzahlungstag (Put), an dem die Rückzahlung gemäß der Ausübungserklärung (wie nachstehend definiert) erfolgen soll, bei der bezeichneten Geschäftsstelle der Emissionsstelle oder einer anderen Zahlstelle während der normalen Geschäftszeiten eine ordnungsgemäß ausgefüllte Mitteilung zur vorzeitigen Rückzahlung („Ausübungserklärung“), wie sie von der bezeichneten Geschäftsstelle der Emissionsstelle oder einer jeden Zahlstelle erhältlich ist, zusammen mit der entsprechenden Einzelurkunde zu hinterlegen. Die Ausübung des Wahlrechts kann nicht widerrufen und die so hinterlegte Einzelurkunde kann nicht zurückgenommen werden. Um das Recht, Rückzahlung verlangen zu können, auszuüben, muss der Gläubiger dann, wenn die Schuldverschreibungen über Euroclear oder CBL gehalten werden, innerhalb der Kündigungsfrist die Emissionsstelle über eine solche Rechtsausübung in Übereinstimmung mit den Richtlinien von Euroclear und CBL in einer für Euroclear und Clearstream, Luxemburg jeweils akzeptablen Weise in Kenntnis setzen (wobei diese Richtlinien vorsehen können, dass die Emissionsstelle auf Weisungen des Gläubigers von Euroclear oder CBL oder einer gemeinsamen Verwahrstelle in elektronischer Form über die Rechtsausübung in Kenntnis gesetzt wird.)

**[Nach § 6(2) (DIE EMISSIONSSTELLE[,] [UND] [DIE ZAHLSTELLE(N)] [UND DIE BERECHNUNGSSTELLE] – Änderung der Bestellung oder Abberufung) ist einzufügen:**

Die Emittentin verpflichtet sich, eine Zahlstelle in einem Mitgliedstaat der Europäischen Union zu unterhalten, welche nicht zur Vornahme von steuerlichen Einbehalten oder Abzügen nach Maßgabe der Richtlinie 2003/48/EG oder einer anderen Richtlinie (die „Richtlinie“) oder Rechtsnorm verpflichtet ist, die der Umsetzung der Schlussfolgerungen des Treffens des ECOFIN-Rates vom 26.-27. November 2000 über die Besteuerung von Einkommen aus Geldanlagen dient, einer solchen Richtlinie entspricht oder zu deren Anpassung eingeführt wird].

**[Falls die Schuldverschreibungen (mit Ausnahme von Pfandbriefen) vorzeitige Rückzahlung aus steuerlichen Gründen vorsehen, ist § 7 (STEUERN) Unterabsatz (e) wie folgt zu ersetzen:**

(e) deswegen zu zahlen sind, weil eine Schuldverschreibung [,] [oder] [ein Zinsschein] [oder ein Rückzahlungsschein] in der Bundesrepublik Deutschland zur Zahlung vorgelegt wird; oder

(f) von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle in einem Mitgliedstaat der Europäischen Union die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können, oder

(g) nicht zahlbar wären, wenn die Schuldverschreibungen bei einer Bank oder einem vergleichbaren Institut verwahrt worden wären und die Bank oder das vergleichbare Institut die Zahlungen eingezogen hätte.]

**[§ 8 (VORLEGUNGSFRIST) ist wie folgt zu ersetzen:**

**§ 8  
VORLEGUNGSFRIST, ERSETZUNG VON  
SCHULDVERSCHREIBUNGEN**

**[falls die Schuldverschreibungen mit  
Zinsscheinen begeben werden, einfügen:  
UND ZINSSCHEINEN]**

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre abgekürzt. **[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:** Die Vorlegungsfrist für Zinsscheine beträgt

(b) In order to exercise such option, the Holder must, not less than **[insert Minimum Notice to Issuer]** and not more than **[insert Maximum Notice to Issuer]** days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice (as defined below), submit during normal business hours at the specified office of the Fiscal Agent or any other Paying Agent a duly completed early redemption notice (“Put Notice”) in the form available from a specified office of the Fiscal Agent or any of the other Paying Agents and deposit the relevant Definitive Note at such office with the Put Notice. No option so exercised or Definitive Note so deposited may be revoked or withdrawn. If these Notes are held through Euroclear or CBL, to exercise the right to require redemption of these Notes the Holder must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and CBL (which may include notice being given on his instruction by Euroclear or CBL or any common depository for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and CBL from time to time.]

**[Insert after § 6(2) (FISCAL AGENT[,] [AND] PAYING AGENT[S] [AND CALCULATION AGENT] – Variation or Termination of Appointment):**

The Issuer shall maintain a Paying Agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive (the “Directive”) implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive].

**[If Notes (other than Pfandbriefe) are subject to Early Redemption for Reasons of Taxation § 7 (TAXATION) subparagraph (e) is to be replaced by:**

(e) are payable by reason of any Note [,] [or] [any Coupon] [or any Receipt] being presented for payment in the Federal Republic of Germany; or

(f) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent in a member state of the European Union without such deduction or withholding, or

(g) would not be payable if the Notes had been kept safe in custody with, and the payments had been collected by, a banking institution.]

**[§ 8 (PRESENTATION PERIOD) to be replaced by:**

**§ 8  
PRESENTATION PERIOD,  
REPLACEMENT OF NOTES**

**[If the Notes are issued  
with Coupons insert:  
AND COUPONS]**

The presentation period provided in § 801 paragraph 1, sentence 1 BGB (German Civil Code) is reduced to ten years for the Notes. **[If the Notes are issued with Coupons insert:** The presentation period for the Coupons shall, in accordance with

gemäß § 801 Absatz 2 BGB vier Jahre und beginnt mit dem Ablauf des Kalenderjahres, in dem der betreffende Zinsschein zur Zahlung fällig geworden ist.] Sollte eine Einzelurkunde **[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:** oder ein Zinsschein] verloren gehen, gestohlen, beschädigt, unleserlich gemacht oder zerstört werden, so kann sie ~~[er]~~ bei der bezeichneten Geschäftsstelle der Emissionsstelle vorbehaltlich der betreffenden Börsenbestimmungen und aller anwendbaren Gesetze ersetzt werden; dabei hat der Anspruchsteller alle dabei möglicherweise entstehenden Kosten und Auslagen zu zahlen und alle angemessenen Bedingungen der Emittentin hinsichtlich des Nachweises, der Sicherheit, einer Freistellung und dergleichen zu erfüllen. Eine beschädigte oder unleserlich gemachte Einzelurkunde **[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:** oder ein solcher Zinsschein] muss eingereicht werden, bevor eine Ersatzurkunde ausgegeben wird.]

**[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, ist § [11] (3) (BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG – *Entwertung*) wie folgt zu ersetzen:**

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zusammen mit allen nicht fälligen und zusammen mit den Schuldverschreibungen eingereichten oder den Schuldverschreibungen beigefügten Zinsscheinen zu entwerten und können nicht wieder begeben oder wieder verkauft werden.]

**[§ [12] (2) (MITTEILUNGEN – *Mitteilungen an das Clearing System*) ist zu streichen]**

**[§ [13] [(4)] (ANWENDBARES RECHT, ERFÜLLUNGSORT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG – *Gerichtliche Geltendmachung*) ist wie folgt zu ersetzen:**

[(4)] *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen, die über ein Clearing System gehalten werden, ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält, und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbrieften Globalurkunde oder der Einzelurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der vorläufigen Globalurkunde oder der Einzelurkunde in einem solchen Verfahren erforderlich wäre, oder (iii) auf jede andere Weise, die im Lande der Geltendmachung prozessual zulässig ist. Für die Zwecke des Vorstehenden bezeichnet „Depotbank“ jede Bank oder ein sonstiges Finanzinstitut von anerkanntem Ansehen, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems.]

§ 801 paragraph 2 BGB (German Civil Code), be four years, beginning with the end of the calendar year in which the relevant Coupon falls due.] Should any Definitive Note **[If the Notes are issued with Coupons insert: or Coupon]** be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent, subject to the relevant stock exchange requirements and all applicable laws, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Definitive Notes **[If the Notes are issued with Coupons insert: or Coupons]** must be surrendered before replacement will be issued.]

**[If the Notes are issued with Coupons replace § [11](3) (FURTHER ISSUES, PURCHASES AND CANCELLATION – *Cancellation*) by:**

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith together with all unmatured Coupons surrendered therewith or attached thereto and may not be reissued or resold.]

**[§ [12] (2) (NOTICES – *Notification to Clearing System*) to be deleted]**

**[§ [13] [(4)] (APPLICABLE LAW, PLACE OF PERFORMANCE, PLACE OF JURISDICTION AND ENFORCEMENT – *Enforcement*) to be replaced by:**

[(4)] *Enforcement.* Any Holder of Notes held through a Clearing System may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, enforce in its own name its rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global or definitive form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Temporary Global Note or Definitive Note or (iii) any other means of proof permitted in legal proceedings in the country of enforcement. For purposes of the foregoing, “Custodian” means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.]

**TEIL III  
DARLEHENSBEDINGUNGEN**

**§ 1  
WÄHRUNG, FORM,  
DEFINITIONEN**

(1) *Währung, Nennbetrag.* Dieses Schuldscheindarlehen (das „Darlehen“) wurde der NRW.BANK (der „Darlehensnehmerin“) in **[festgelegte Währung einfügen]** (die „festgelegte Währung“) in einem Gesamtnennbetrag von **[Gesamtnennbetrag einfügen]** (in Worten: **[Gesamtnennbetrag in Worten einfügen]**) gewährt.

(2) *Form und Übertragung.*

(a) Ansprüche aus dem Darlehen werden durch Abtretung übertragen.

(b) Ansprüche aus dem Darlehen können ganz oder teilweise abgetreten werden. Die Abtretung setzt die Ausfertigung einer Abtretungserklärung voraus, die dem auf der Rückseite dieses Schuldscheins (wie in § 1 (3) definiert) abgedruckten Muster im wesentlichen entspricht. Im Falle der Teilabtretung wird dem Zedenten ein neuer Schuldschein über den bei ihm verbleibenden Darlehensteil ausgestellt. Die teilweise Abtretung von Ansprüchen aus dem Darlehen ist nur zu einem Mindestbetrag von **[festgelegte Währung und Mindestnennbetrag einfügen]** oder zu einem ganzzahligen Vielfachen dieses Betrags gestattet.

(c) Die Darlehensnehmerin führt ein Register, in dem der erste Gläubiger (wie in § 1 (3) definiert) und die im Wege der Abtretung an seine Stelle tretenden weiteren Gläubiger verzeichnet werden.

(d) Jeder nach einer Abtretung von Ansprüchen aus dem Darlehen neu auszustellende Schuldschein wird innerhalb von sieben Geschäftstagen (wie nachstehend definiert) nach dem Tag der Vorlage dieses Schuldscheins und einer ordnungsgemäß ausgefertigten Abtretungserklärung dem Gläubiger in den Geschäftsräumen der Darlehensnehmerin zur Verfügung gestellt, oder auf Verlangen des Gläubigers, der den Schuldschein und die Abtretungserklärung vorgelegt hat, gemäß den Angaben in der Abtretungserklärung, per Post und auf Gefahr des Gläubigers an die in der Abtretungserklärung bezeichnete Adresse versandt. Im Rahmen dieses Unterparagraphen bezeichnet „Geschäftstag“ einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken im Land Nordrhein-Westfalen für Geschäfte geöffnet sind.

(e) Ein neuer Schuldschein wird für den Gläubiger kostenfrei ausgestellt.

(f) Die Abtretung von Ansprüchen aus dem Darlehen ist während des Zeitraumes von 15 Tagen vor einem Fälligkeitstermin für die Rückzahlung von Kapital oder Zinsen ausgeschlossen. Geht der Darlehensnehmerin eine Abtretungsanzeige innerhalb dieses Zeitraums zu, kann die Darlehensnehmerin mit schuldbefreiender Wirkung an den Zedenten leisten.

(3) *Definitionen.* Im Rahmen dieser Darlehensbedingungen bezeichnet:

**[Falls eine Berechnungsstelle bestellt werden soll, einfügen:**

„Berechnungsstelle“ **[Name der Berechnungsstelle einfügen]** in [ihrer] [seiner] Eigenschaft als Berechnungsstelle.]

„Gläubiger“ den eingetragenen Gläubiger dieses Darlehens. Jede Bezugnahme in diesen Darlehensbedingungen auf „Gläubiger“ im Plural gilt als eine Bezugnahme auf „Gläubiger“ im Singular.

**PART III  
TERMS AND CONDITIONS OF THE LOANS**

**§ 1  
CURRENCY, FORM,  
CERTAIN DEFINITIONS**

(1) *Currency; Denomination.* This loan (the “Loan”) has been received by NRW.BANK (the “Borrower”) in **[insert specified currency]** (the “Specified Currency”) in the aggregate principal amount of **[insert aggregate principal amount]** (in words: **[insert aggregate principal amount in words]**).

(2) *Form and Transfer.*

(a) The rights under the Loan are transferable by assignment.

(b) The rights under the Loan may be assigned in whole or in part. An assignment requires due completion and execution of an assignment substantially in the form of assignment endorsed on this Certificate of Indebtedness (as defined in § 1 (3)). In the case of a transfer of part only of the rights under the Loan, a new Certificate of Indebtedness in respect of the balance not transferred will be issued to the assignor. Any transfer of part only of the rights under this Loan is permitted only for a minimum principal amount of **[insert Specified Currency and such Minimum Principal Amount]** or an integral multiple thereof.

(c) The Borrower will maintain a register in which the first Creditor (as defined in § 1 (3)) and any subsequent Creditor succeeding the first Creditor by way of assignment of the rights under the Loan, if any, will be registered.

(d) Each new Certificate of Indebtedness to be issued upon transfer of rights under the Loan will, within seven Business Days (as defined below) of the date of delivery of this Certificate of Indebtedness and a duly completed and executed declaration of assignment, be available for collection at the offices of the Borrower, or, at the request of the Creditor making such delivery and as specified in the relevant declaration of assignment, be mailed, at the Creditor’s own risk, to such address as may be specified in the declaration of assignment. For the purposes of this subparagraph “Business Day” means a day which is a day (other than a Saturday or a Sunday) on which commercial banks are open for business in the Federal State of North Rhine-Westphalia.

(e) A new Certificate of Indebtedness will be executed at no cost to the Creditor.

(f) The assignment of rights under the Loan during a period of 15 days ending on the due date for any payment of principal or interest shall be excluded. If the Borrower receives a declaration of assignment during such period, it may satisfy claims which the assignee may have for payment of principal or interest due on that date by making the relevant payment to the assignor.

(3) *Certain Definitions.* For purposes of these Terms and Conditions of the Loans:

**[If there is to be a Calculation Agent insert:**

“Calculation Agent” means **[insert Calculation Agent]** in its capacity as Calculation Agent.]

“Creditor” means the registered Creditor of the Loan to which this Certificate of Indebtedness relates. Any reference herein to “Creditors” in plural form shall include a reference to “Creditor” in singular form.

„Register“ das von der Darlehensnehmerin geführte Register für dieses Darlehen und andere unter dem €20,000,000,000 Debt Issuance Programme in Anspruch genommene Darlehen.

„Schuldschein“ die über dieses Darlehen ausgestellte Urkunde.

(5) *Bezugnahmen auf Schuldscheine.* Eine Bezugnahme in diesen Darlehensbedingungen auf „Schuldschein“ oder „diesen Schuldschein“ umfasst auch jeden neuen Schuldschein, der bei der Abtretung von Ansprüchen aus diesem Darlehen oder eines Teils desselben ausgestellt worden ist, es sei denn, aus dem Zusammenhang ergibt sich etwas anderes.

[Bei nicht nachrangigen Darlehen einfügen:

§ 2  
STATUS

Das Darlehen begründet direkte, unbedingte, unbesicherte und nicht nachrangige Verbindlichkeiten der Darlehensnehmerin, die untereinander und mit allen anderen unbesicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Darlehensnehmerin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.]

[Bei nachrangigen Darlehen einfügen:

§ 2  
STATUS

Das Darlehen begründet direkte, unbedingte, unbesicherte und nachrangige Verbindlichkeiten der Darlehensnehmerin, die untereinander und mit allen anderen unbesicherten und nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Darlehensnehmerin gleichrangig sind. Im Falle der Liquidation oder der Insolvenz der Darlehensnehmerin oder eines außgerichtlichen Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Darlehensnehmerin gehen die Verbindlichkeiten aus dem Darlehen den Ansprüchen dritter Gläubiger der Darlehensnehmerin aus nicht nachrangigen Verbindlichkeiten im Range nach, so dass Zahlungen auf das Darlehen solange nicht erfolgen, wie die Ansprüche dieser dritten Gläubiger der Darlehensnehmerin aus nicht nachrangigen Verbindlichkeiten nicht vollständig befriedigt sind. Kein Gläubiger ist berechtigt, mit Ansprüchen aus dem Darlehen gegen Ansprüche der Darlehensnehmerin aufzurechnen. Für die Rechte der Gläubiger aus dem Darlehen ist diesen eine vertragliche Sicherheit gleich welcher Art durch die Darlehensnehmerin oder durch Dritte nicht gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden. Soweit eine derartige vertragliche Sicherheit von der Emittentin oder einem Dritten möglicherweise in der Vergangenheit doch gewährt worden ist oder in Zukunft gewährt werden wird, besichert sie nicht die Forderungen aus dem Darlehen. Nachträglich können der Nachrang gemäß diesem § 2 nicht beschränkt sowie der Fälligkeitstag (wie in § 5 (1) definiert) der Darlehen nicht vorgezogen und jede anwendbare Kündigungsfrist nicht verkürzt werden. Wird das Darlehen vor dem Fälligkeitstag unter anderen als den in diesem § 2 beschriebenen Umständen [soweit eine vorzeitige Rückzahlung aus steuerlichen Gründen möglich ist, einfügen: oder infolge einer Kündigung zur vorzeitigen Rückzahlung nach Maßgabe von § 5 (2)] zurückgezahlt, so ist der zurückgezahlte Betrag der Darlehensnehmerin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, sofern nicht der gezahlte Betrag durch die Einzahlung anderen, zumindest gleichwertigen haftenden Eigenkapitals im Sinne des Kreditwesengesetzes ersetzt worden ist oder die Bundesanstalt für Finanzdienstleistungsaufsicht der vorzeitigen Rückzahlung zugestimmt hat.]

“Register“ means the register to be kept by the Borrower in relation to this Loan and any other Loan that may be received by the Borrower under the €20,000,000,000 Debt Issuance Programme.

“Certificate of Indebtedness“ means the Certificate evidencing this Loan.

(5) *References to Certificates of Indebtedness.* Any reference herein to “Certificate of Indebtedness” or “this Certificate of Indebtedness” includes, unless the context otherwise requires, any new Certificate of Indebtedness that has been issued upon the transfer of rights under this Loan or part thereof.

[In the case of unsubordinated Loans insert:

§ 2  
STATUS

The Loan constitutes direct, unconditional, unsecured and unsubordinated obligations of the Borrower ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated present and future obligations of the Borrower unless such other obligations take priority by mandatory provisions of law.]

[In the case of subordinated Loans insert:

§ 2  
STATUS

The Loan constitutes direct, unconditional, unsecured and subordinated obligations of the Borrower ranking *pari passu* among themselves and *pari passu* with all other unsecured and subordinated present or future obligations of the Borrower. In the event of the liquidation, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Borrower, such obligations will be subordinated to the claims of all unsubordinated creditors of the Borrower so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Borrower shall have been satisfied in full. No Creditor may set off his claims arising under the Loan against any claims of the Borrower. No contractual security of whatever kind is, or shall at any time be, provided by the Borrower or any other person securing rights of the Creditors under such Loan. Any such contractual security that, notwithstanding the aforementioned, may have been provided in the past or will be provided in the future by the Issuer or any third party shall not secure the claims arising from the Loan. No subsequent agreement may limit the subordination pursuant to the provisions set out in this § 2 or amend the Maturity Date (as defined in § 5 (1)) in respect of the Loan to any earlier date or shorten any applicable notice period (*Kündigungsfrist*). If the Loan is repaid before the Maturity Date otherwise than in the circumstances described in this § 2 [if **Early Repayment for Reasons of Taxation applies, insert:** or as a result of an early redemption according to § 5 (2)], then the amounts repaid must be returned to the Borrower irrespective of any agreement to the contrary unless the amounts paid have been replaced by other liable capital (*haftendes Eigenkapital*) of at least equal status within the meaning of the German Banking Act, or the Federal Financial Services Supervisory Authority (*die Bundesanstalt für Finanzdienstleistungsaufsicht*) has consented to such repayment.]

§ 3  
[ZINSEN][INDEXIERUNG]

**[(A) Bei festverzinslichen Darlehen einfügen:**

(1) *Zinssatz und Zinszahlungstage.* Das Darlehen wird auf der Grundlage des Nennbetrages verzinst, und zwar vom **[Verzinsungsbeginn einfügen]** (der „Verzinsungsbeginn“) (einschließlich) bis zum Fälligkeitstag (wie in § 5 (1) definiert) (ausschließlich) mit jährlich **[Zinssatz einfügen]** %. Die Zinsen sind nachträglich am **[Festzinstermine einfügen]** eines jeden Jahres zahlbar (jeweils ein „Zinszahlungstag“). Die erste Zinszahlung erfolgt am **[ersten Zinszahlungstag einfügen]** **[sofern der erste Zinszahlungstag nicht der erste Jahrestag des Verzinsungsbeginns ist, einfügen:** und beläuft sich auf **[anfänglichen Bruchteilszinsbetrag einfügen].]** **[Sofern der Fälligkeitstag kein Festzinstermine ist, einfügen:** Die Zinsen für den Zeitraum vom **[den letzten dem Fälligkeitstag vorausgehenden Festzinstermine einfügen]** (einschließlich) bis zum Fälligkeitstag (ausschließlich) belaufen sich auf **[abschließenden Bruchteilszinsbetrag einfügen].** **[Im Fall von Actual/Actual (ISMA) einfügen:** Die Anzahl der Feststellungstermine im Kalenderjahr (jeweils ein „Feststellungstermin“) beträgt **[Anzahl der regulären Zinszahlungstage im Kalenderjahr einfügen].]**

(2) *Zinslauf.* Der Zinslauf des Darlehens endet an dem Tag, an dem es zur Rückzahlung fällig wird. Falls die Darlehensnehmerin das Darlehen bei Fälligkeit nicht zurückzahlt, endet die Verzinsung des ausstehenden Nennbetrages des Darlehens nicht am Tag der Fälligkeit, sondern erst mit der tatsächlichen Rückzahlung des Darlehens. Weitergehende Ansprüche der Gläubiger bleiben unberührt.

(3) *Unterjährige Berechnung der Zinsen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).]

**[(B) Bei variabel verzinslichen Darlehen einfügen:**

(1) *Zinszahlungstage.*

(a) Das Darlehen wird auf der Grundlage des Nennbetrags ab dem **[Verzinsungsbeginn einfügen]** (der „Verzinsungsbeginn“) (einschließlich) bis zum ersten Zinszahlungstag (wie nachstehend definiert) (ausschließlich) und danach von jedem Zinszahlungstag (einschließlich) bis zum nächstfolgenden Zinszahlungstag (ausschließlich) verzinst. Zinsen auf das Darlehen sind an jedem Zinszahlungstag zahlbar.

(b) „Zinszahlungstag“ bedeutet

**[(i) Im Fall von festgelegten Zinszahlungstagen einfügen:** jeder **[festgelegte Zinszahlungstage einfügen].]**

**[(ii) Im Fall von festgelegten Zinsperioden einfügen:** (soweit diese Darlehensbedingungen keine abweichenden Bestimmungen vorsehen) jeweils der Tag, der **[Zahl einfügen]** **[Wochen]** **[Monate]** **[andere festgelegte Zeiträume einfügen]** nach dem vorausgehenden Zinszahlungstag liegt, oder im Falle des ersten Zinszahlungstages, nach dem Verzinsungsbeginn.]

(c) Fällt ein Zinszahlungstag auf einen Tag, der kein Geschäftstag (wie nachstehend definiert) ist, so wird der Zinszahlungstag:

**[(i) bei Anwendung der Modifizierte Folgender Geschäftstag-Konvention einfügen:** auf den nächstfolgenden Geschäftstag verschoben, es sei denn, er würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.]

§ 3  
[INTEREST][INDEXATION]

**[(A) In the case of Fixed Rate Loans insert:**

(1) *Rate of Interest and Interest Payment Dates.* The Loan shall bear interest on its principal amount at the rate of **[insert Rate of Interest]** per cent. per annum from (and including) **[insert Interest Commencement Date]** (the “Interest Commencement Date”) to (but excluding) the Maturity Date (as defined in § 5(1)). Interest shall be payable in arrear on **[insert Fixed Interest Date or Dates]** in each year (each such date, an “Interest Payment Date”). The first payment of interest shall be made on **[insert First Interest Payment Date]** **[if First Interest Payment Date is not first anniversary of Interest Commencement Date insert:** and will amount to **[insert Initial Broken Amount.]** **[If the Maturity Date is not a Fixed Interest Date insert:** Interest in respect of the period from (and including) **[insert Fixed Interest Date preceding the Maturity Date]** to (but excluding) the Maturity Date will amount to **[insert Final Broken Amount].** **[If Actual/Actual (ISMA) insert:** The number of interest determination dates per calendar year (each a “Determination Date” is **[insert number of regular interest dates per calendar year].]**

(2) *Accrual of Interest.* The Loan shall cease to bear interest from its due date for repayment. If the Borrower fails to repay the Loan when due, interest shall continue to accrue on the outstanding principal amount of the Loan beyond the due date until the actual repayment of the Loan. This does not affect any additional rights that might be available to the Creditors.

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).]

**[(B) In the case of Floating Rate Loans insert:**

(1) *Interest Payment Dates.*

(a) The Loan bears interest on its principal amount from (and including) **[insert Interest Commencement Date]** (the “Interest Commencement Date”) to (but excluding) the first Interest Payment Date (as defined below) and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Interest on the Loan shall be payable on each Interest Payment Date.

(b) “Interest Payment Date” means

**[(i) in the case of Specified Interest Payment Dates insert:** each **[insert Specified Interest Payment Dates].]**

**[(ii) in the case of Specified Interest Periods insert:** each date which (except as otherwise provided in these Terms and Conditions) falls **[insert number]** **[weeks]** **[months]** **[insert other specified periods]** after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.]

(c) If any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), it shall be:

**[(i) in the case of Modified Following Business Day Convention insert:** postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Business Day.]

**[(ii) bei Anwendung der FRN-Konvention einfügen:** auf den nächstfolgenden Geschäftstag verschoben, es sei denn, er würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall (i) wird der Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen und (ii) ist jeder nachfolgende Zinszahlungstag der jeweils letzte Geschäftstag des Monats, der **[[Zahl einfügen] Monate] [andere festgelegte Zeiträume einfügen]** nach dem vorausgehenden anwendbaren Zinszahlungstag liegt.]

**[(iii) bei Anwendung der Folgender Geschäftstag-Konvention einfügen:** auf den nächstfolgenden Geschäftstag verschoben.]

**[(iv) bei Anwendung der Vorgegangener Geschäftstag-Konvention einfügen:** auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.]

(d) In diesem § 3 bezeichnet „Geschäftstag“ einen Tag (außer einem Samstag oder Sonntag), an dem **[falls die festgelegte Währung Euro ist, einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) Zahlungen abwickelt.] **[falls die festgelegte Währung nicht Euro ist, einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren einfügen]** Zahlungen abwickeln.]

(2) *Zinssatz.* **[Bei Bildschirmfeststellung einfügen:** Der Zinssatz (der „Zinssatz“) für jede Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts Abweichendes bestimmt wird, entweder:

(a) der Angebotssatz (wenn nur ein Angebotssatz auf der Bildschirmseite (wie nachstehend definiert) angezeigt ist), oder

(b) das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein **[falls der Referenzsatz EURIBOR ist, einfügen:** Tausendstel Prozent, wobei 0,0005] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** Hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) der Angebotssätze,

(ausgedrückt als Prozentsatz per annum) für Einlagen in der festgelegten Währung für die jeweilige Zinsperiode, der bzw. die auf der Bildschirmseite am Zinsfestlegungstag (wie nachstehend definiert) gegen 11.00 Uhr (**[Brüsseler] [Londoner]** Ortszeit) angezeigt wird bzw. werden **[Im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)], wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

**[Im Fall einer Marge einfügen:** Die „Marge“ beträgt **[Satz einfügen] % per annum.**]

„Zinsperiode“ bezeichnet den Zeitraum von dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) bzw. von jedem Zinszahlungstag (einschließlich) bis zum jeweils darauffolgenden Zinszahlungstag (ausschließlich).

„Zinsfestlegungstag“ bezeichnet den **[zweiten] [zutreffende andere Zahl von Tagen einfügen] [TARGET-] [Londoner] [zutreffenden anderen Ort einfügen]** Geschäftstag vor Beginn der jeweiligen Zinsperiode. **[Im Fall eines TARGET-Geschäftstages einfügen:** „TARGET-Geschäftstag“ bezeichnet einen Tag, an dem TARGET (Trans-European Automated Real-Time Gross Settlement Express Transfer System) betriebsbereit ist.] **[Im Fall eines anderen Geschäftstages als eines TARGET-Geschäftstages einfügen:** „[Londoner] [zutreffenden anderen Ort einfügen] Geschäftstag“ bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken in **[London] [zutreffenden anderen Ort einfügen]** für Geschäfte (einschließlich Devisen- und Sortengeschäfte) geöffnet sind.]

**[(ii) in the case of FRN Convention insert:** postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) the Interest Payment Date shall be the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls **[[insert number] months] [insert other specified periods]** after the preceding applicable Interest Payment Date.]

**[(iii) in the case of Following Business Day Convention insert:** postponed to the next day which is a Business Day.]

**[(iv) in the case of Preceding Business Day Convention insert:** the immediately preceding Business Day.]

(d) In this § 3 “Business Day” means a day which is a day (other than a Saturday or a Sunday) on which **[if the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) settles] **[if the Specified Currency is not Euro insert:** commercial banks and foreign exchange markets in **[insert all relevant financial centres] settle] payments.**

(2) *Rate of Interest.* **[In the case of Screen Rate Determination insert:** The rate of interest (the “Rate of Interest”) for each Interest Period (as defined below) will, except as provided below, be either:

(a) the offered quotation (if there is only one quotation on the Screen Page (as defined below)); or

(b) the arithmetic mean (rounded if necessary to the nearest one **[if the Reference Rate is EURIBOR insert:** thousandth of a percentage point, with 0.0005] **[if the Reference Rate is not EURIBOR insert:** hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Screen Page as of 11.00 a.m. (**[Brussels] [London]** time) on the Interest Determination Date (as defined below) **[in the case of Margin insert:** [plus] [minus] the Margin (as defined below)], all as determined by the Calculation Agent.

**[In the case of Margin insert:** “Margin” means **[insert rate]** per cent. per annum.]

“Interest Period” means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date.

“Interest Determination Date” means the **[second] [insert other applicable number of days] [TARGET] [London] [insert other relevant location]** Business Day prior to the commencement of the relevant Interest Period. **[In case of a TARGET Business Day insert:** “TARGET Business Day” means a day on which TARGET (Trans-European Automated Real-Time Gross Settlement Express Transfer System) is operating.] **[In case of a non-TARGET Business Day insert:** “[London] **[insert other relevant location]** Business Day” means a day which is a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency) in **[London] [insert other relevant location].]**

„Bildschirmseite“ bedeutet **[Bildschirmseite einfügen]**.

Wenn im vorstehenden Fall (b) auf der maßgeblichen Bildschirmseite fünf oder mehr Angebotssätze angezeigt werden, werden der höchste (falls mehr als ein solcher Höchstsatz angezeigt wird, nur einer dieser Sätze) und der niedrigste (falls mehr als ein solcher Niedersatz angezeigt wird, nur einer dieser Sätze) von der Berechnungsstelle für die Bestimmung des arithmetischen Mittels der Angebotssätze (das wie vorstehend beschrieben auf- oder abgerundet wird) außer Acht gelassen; diese Regel gilt entsprechend für diesen gesamten Absatz (2).

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen, oder wird darauf im Falle von (a) kein Angebotssatz angezeigt, oder werden im Falle von (b) weniger als drei Angebotssätze angezeigt (in jedem dieser Fälle zu der genannten Zeit), wird die Berechnungsstelle von den **[Londoner] [zutreffenden anderen Ort einfügen]** Hauptniederlassungen jeder der Referenzbanken (wie nachstehend definiert) (in der Euro-Zone (wie nachstehend definiert)) deren jeweilige Angebotssätze (jeweils als Prozentsatz per annum ausgedrückt) für Einlagen in der festgelegten Währung für die betreffende Zinsperiode gegenüber führenden Banken im **([Londoner] [zutreffenden anderen Ort einfügen])** Interbanken-Markt **[der Euro-Zone]** um ca. 11.00 Uhr **([Londoner] [Brüsseler] Ortszeit)** am Zinsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein **[falls der Referenzsatz EURIBOR ist, einfügen: Tausendstel Prozent, wobei 0,0005] [falls der Referenzsatz nicht EURIBOR ist, einfügen: Hunderttausendstel Prozent, wobei 0,000005]** aufgerundet wird) dieser Angebotssätze **[Im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge]**, wobei alle Festlegungen durch die Berechnungsstelle erfolgen. Falls an einem Zinsfestlegungstag nur eine oder keine der Referenzbanken der Berechnungsstelle solche im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Zinssatz für die betreffende Zinsperiode der Satz per annum, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein **[falls der Referenzsatz EURIBOR ist, einfügen: Tausendstel Prozent, wobei 0,0005] [falls der Referenzsatz nicht EURIBOR ist, einfügen: Hunderttausendstel Prozent, wobei 0,000005]** aufgerundet wird) der Angebotssätze ermittelt, die die Referenzbanken bzw. zwei oder mehrere von ihnen der Berechnungsstelle auf deren Anfrage als den jeweiligen Satz nennen, zu dem ihnen um ca. 11.00 Uhr **([Brüsseler] [Londoner] Ortszeit)** an dem betreffenden Zinsfestlegungstag Einlagen in der festgelegten Währung für die betreffende Zinsperiode von führenden Banken im **[Londoner] [zutreffenden anderen Ort einfügen]** Interbanken-Markt **[der Euro-Zone]** angeboten werden **[Im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge]**; falls weniger als zwei der Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, dann ist der Zinssatz für die betreffende Zinsperiode der Angebotssatz für Einlagen in der festgelegten Währung für die betreffende Zinsperiode oder das arithmetische Mittel (gerundet wie oben beschrieben) der Angebotssätze für Einlagen in der festgelegten Währung für die betreffende Zinsperiode, den bzw. die eine Bank oder mehrere Banken (die nach Ansicht der Berechnungsstelle und der Darlehensnehmerin für diesen Zweck geeignet sind) der Berechnungsstelle als Sätze bekannt geben, die sie an dem betreffenden Zinsfestlegungstag gegenüber führenden Banken am **[Londoner] [zutreffenden anderen Ort einfügen]** Interbanken-Markt **[der Euro-Zone]** nennen (bzw. den diese Banken gegenüber der Berechnungsstelle nennen) **[Im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge]**. Für den Fall, dass der Zinssatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, ist der Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem diese Angebotssätze angezeigt wurden **[Im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge]** (wobei jedoch, falls für die relevante Zinsperiode eine andere Marge als für die unmittelbar vorhergehende Zinsperiode gilt, die relevante Marge an die Stelle der Marge für die vorhergehende Zinsperiode tritt).

“Screen Page” means **[insert relevant Screen Page]**.

If, in the case of (b) above, five or more such offered quotations are available on the Screen Page, the highest (or, if there is more than one such highest rate, only one of such rates) and the lowest (or, if there is more than one such lowest rate, only one of such rates) shall be disregarded by the Calculation Agent for the purposes of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply throughout this paragraph (2).

If the Screen Page is not available or if, in the case of (a) above, no such quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at such time, the Calculation Agent shall request the principal **[Euro-zone (as defined below)] [London] [insert other relevant location]** office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the **[London] [insert other relevant location]** interbank market **[of the Euro-zone]** at approximately 11.00 a.m. **([Brussels] [London] time)** on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one **[if the Reference Rate is EURIBOR insert: thousandth of a percentage point, with 0.0005] [if the Reference Rate is not EURIBOR insert: hundred-thousandth of a percentage point, with 0.000005]** being rounded upwards) of such offered quotations **[in the case of Margin insert: [plus] [minus] the Margin]**, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as specified in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one **[if the Reference Rate is EURIBOR insert: thousandth of a percentage point, with 0.0005] [if the Reference Rate is not EURIBOR insert: hundred-thousandth of a percentage point, with 0.000005]** being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at 11.00 a.m. **([Brussels] [London] time)** on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the **[London] [insert the relevant location]** interbank market **[of the Euro-zone] [in the case of Margin insert: [plus] [minus] the Margin]** 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 the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, on the relevant Interest Determination Date, any one bank or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Borrower suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the **[London] [insert the relevant location]** interbank market **[of the Euro-zone] [in the case of Margin insert: [plus] [minus] the Margin]**. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered **[in the case of Margin insert: [plus] [minus] the Margin]** (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

„Referenzbanken“ bezeichnen **[falls im Konditionenblatt keine anderen Referenzbanken bestimmt werden einfügen:** im vorstehenden Fall (a) diejenigen Niederlassungen von vier derjenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde, und im vorstehenden Fall (b) diejenigen Banken, deren Angebotssätze zuletzt zu dem Zeitpunkt auf der maßgeblichen Bildschirmseite angezeigt wurden, als nicht weniger als drei solcher Angebotssätze angezeigt wurden] **[falls im Konditionenblatt andere Referenzbanken bestimmt werden, sind sie hier einzufügen].**

**[Im Fall des Interbanken-Marktes der Euro-Zone einfügen:** „Euro-Zone“ bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992) und den Amsterdamer Vertrag vom 2. Oktober 1997, in seiner jeweiligen Fassung, die einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.]

**[Wenn der Referenzsatz ein anderer als EURIBOR oder LIBOR ist, sind die entsprechenden Einzelheiten anstelle der Bestimmungen dieses Absatzes (2) einzufügen]**

**[Sofern ISDA-Feststellung gelten soll, sind die entsprechenden Bestimmungen einzufügen und die von der International Swaps and Derivatives Association veröffentlichten 2000 ISDA-Definitionen beizufügen]**

**[Sofern eine andere Methode der Feststellung anwendbar ist, sind die entsprechenden Einzelheiten anstelle der Bestimmungen dieses Absatzes (2) einzufügen]**

**[Falls ein Mindest- und/oder Höchstzinssatz gilt, einfügen:**

(3) *[Minimum-] [und] [Höchst-] Zinssatz.*

**[Falls ein Mindestzinssatz gilt, einfügen:** Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz niedriger ist als **[Mindestzinssatz einfügen]**, so ist der Zinssatz für diese Zinsperiode **[Mindestzinssatz einfügen].**

**[Falls ein Höchstzinssatz gilt, einfügen:** Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz höher ist als **[Höchstzinssatz einfügen]**, so ist der Zinssatz für diese Zinsperiode **[Höchstzinssatz einfügen].**

**[(4)] Zinsbetrag.** Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den Zinssatz bestimmen und den auf das Darlehen zahlbaren Zinsbetrag (der „Zinsbetrag“) für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf den ausstehenden Nennbetrag des Darlehens angewendet werden, wobei der resultierende Betrag **[falls die festgelegte Währung Euro ist einfügen:** auf den nächsten 0,01 Euro auf- oder abgerundet wird, wobei 0,005 Euro aufgerundet werden] **[falls die festgelegte Währung nicht Euro ist, einfügen:** auf die kleinste Einheit der festgelegten Währung auf- oder abgerundet wird, wobei 0,5 solcher Einheiten aufgerundet werden].

**[(5)] Mitteilungen von Zinssatz und Zinsbetrag.** Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der relevante Zinszahlungstag der Darlehensnehmerin und den Gläubigern gemäß § [9] baldmöglichst, aber keinesfalls später als am vierten auf die Berechnung jeweils folgenden **[falls die Berechnungsstelle eine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort zu unterhalten hat, einfügen:** Geschäftstag mitgeteilt werden. Im Falle einer Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend den Gläubigern gemäß § [9] mitgeteilt.

As used herein, “Reference Banks” means **[if no other Reference Banks are specified in the Pricing Supplement, insert:** , in the case of (a) above, those offices of four of such banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page and, in the case of (b) above, those banks whose offered quotations last appeared on the Screen Page when no fewer than three such offered quotations appeared] **[if other Reference Banks are specified in the Pricing Supplement, insert names here].**

**[In case of the Interbank market in the Euro-Zone insert:** “Euro-Zone” means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March, 1957), as amended by the Treaty on European Union (signed in Maastricht on 7th February, 1992) and the Amsterdam Treaty of 2nd October, 1997, as further amended from time to time.]

**[If Reference Rate is other than EURIBOR or LIBOR, insert relevant details in lieu of the provisions of this paragraph (2)]**

**[If ISDA Determination applies insert the relevant provisions and attach the 2000 ISDA Definitions published by the International Swaps and Derivatives Association]**

**[If other method of determination applies, insert relevant details in lieu of the provisions of this paragraph (2)]**

**[If Minimum and/or Maximum Rate of Interest applies insert:**

(3) *[Minimum] [and] [Maximum] Rate of Interest.*

**[If Minimum Rate of Interest applies insert:** If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than **[insert Minimum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Minimum Rate of Interest].**

**[If Maximum Rate of Interest applies insert:** If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is greater than **[insert Maximum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Maximum Rate of Interest].**

**[(4)] Interest Amount.** The Calculation Agent will, on or as soon as practicable after each date at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest (the “Interest Amount”) payable on the Loan for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to the outstanding principal amount of the Loan and rounding the resulting figure **[if the Specified Currency is Euro insert:** to the nearest 0.01 Euro, 0.005 Euro being rounded upwards.] **[if the Specified Currency is not Euro insert:** to the nearest minimum unit of the Specified Currency, with 0.5 of such unit being rounded upwards].

**[(5)] Notification of Rate of Interest and Interest Amount.** The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Borrower and to the Creditors in accordance with § [9] as soon as possible after their determination, but in no event later than the fourth Business Day (as defined below) thereafter. Each Interest Amount and Interest Payment Date so notified 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. Any such amendment will be promptly notified to the Holders in accordance with § [9].



Im Rahmen dieses Paragraphen bezeichnet „Geschäftstag“ einen Tag (außer einen Samstag oder Sonntag), an dem Geschäftsbanken in **[Ort der bezeichneten Geschäftsstelle der Berechnungsstelle einfügen]** für Geschäfte geöffnet sind.

**[(6)] Verbindlichkeit der Festsetzungen.** Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Darlehensnehmerin und die Gläubiger bindend.

**[(7)] Zinslauf.** Der Zinslauf des Darlehens endet an dem Tag, an dem es zur Rückzahlung fällig wird. Sollte die Darlehensnehmerin das Darlehen bei Fälligkeit nicht zurückzahlen, endet die Verzinsung des ausstehenden Nennbetrags des Darlehens nicht am Fälligkeitstag, sondern erst mit der tatsächlichen Rückzahlung des Darlehens. Der jeweils geltende Zinssatz wird gemäß diesem § 3 bestimmt. Weitergehende Ansprüche der Gläubiger bleiben unberührt.]

**[(C) Bei unverzinslichen Darlehen einfügen:**

**(1) Keine periodischen Zinszahlungen.** Es erfolgen keine periodischen Zinszahlungen auf das Darlehen.

**(2) Zinslauf.** Sollte die Darlehensnehmerin das Darlehen bei Fälligkeit nicht zurückzahlen, fallen auf den ausstehenden Nennbetrag des Darlehens ab dem Fälligkeitstag (einschließlich) bis zum Tag der tatsächlichen Rückzahlung (ausschließlich) Zinsen in Höhe von **[Emissionsrendite einfügen]** per annum an.] Weitergehende Ansprüche der Gläubiger bleiben unberührt.

**[Im Fall von festverzinslichen Darlehen, variabel verzinslichen Darlehen und unverzinslichen Darlehen einfügen:**

**[(•)] Zinstagequotient.** „Zinstagequotient“ bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf das Darlehen für einen Zeitraum (der „Zinsberechnungszeitraum“):]

**[Im Fall von festverzinslichen Darlehen und Actual/Actual (ISMA) einfügen:**

1. im Falle von Darlehen, bei denen die Anzahl der Tage in der betreffenden Periode ab dem letzten Zinszahlungstag (oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (der „relevante Zeitraum“) kürzer ist als die Feststellungsperiode, in die das Ende des relevanten Zeitraums fällt, oder ihr entspricht, die Anzahl der Tage in dem betreffenden relevanten Zeitraum geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in §3(1) angegeben) in einem Kalenderjahr; oder

2. im Falle von Darlehen, bei denen der relevante Zeitraum länger ist als die Feststellungsperiode, in die das Ende des relevanten Zeitraums fällt, die Summe

der Anzahl der Tage in dem relevanten Zeitraum, die in die Feststellungsperiode fallen, in welcher der relevante Zeitraum beginnt, geteilt durch das Produkt (x) der Anzahl der Tage in der Feststellungsperiode und (y) der Anzahl der Feststellungstermine (wie in §3(1) angegeben) in einem Kalenderjahr; und

der Anzahl der Tage in dem relevanten Zeitraum, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (x) der Anzahl der Tage in dieser Feststellungsperiode und (y) der Anzahl der Feststellungstermine (wie in §3(1) angegeben) in einem Kalenderjahr.

For the purposes of this paragraph “Business Day” means a day which is a day (other than a Saturday or a Sunday) on which commercial banks are open for business in **insert place of specified office of the Calculation Agent**.

**[(6)] Determinations Binding.** All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Borrower and the Creditors.

**[(7)] Accrual of Interest.** The Loan shall cease to bear interest from its due date for repayment. If the Borrower fails to repay the Loan when due, interest shall continue to accrue on the outstanding principal amount of the Loan beyond the due date until actual repayment of the Loan. The applicable Rate of Interest will be determined in accordance with this § 3. This does not affect any additional rights that might be available to the Creditors.]

**[(C) In the case of Zero Coupon Loans insert:**

**(1) No Periodic Payments of Interest.** There will not be any periodic payments of interest on the Loan.

**(2) Accrual of Interest.** If the Borrower fails to repay the Loan when due, interest shall accrue on the outstanding principal amount of the Loan as from, and including, the due date to, but excluding, the date of actual repayment at the rate of **insert Amortisation Yield** per annum.] This does not affect any additional rights that might be available to the Creditors.

**[In the case of Fixed Rate Loans, Floating Rate Loans and Zero Coupon Loans insert:**

**[(•)] Day Count Fraction.** “Day Count Fraction” means, in respect of the calculation of an amount of interest on the Loan for any period of time (the “Calculation Period“):]

**[in the case of Fixed Rate Loans and if Actual/Actual (ISMA) insert:**

1. in the case of Loans where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period“) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in §3(1)) that would occur in one calendar year; or

2. in the case of Loans where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in §3(1)) that would occur in one calendar year; and

the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in §3 (1)) that would occur in one calendar year.

„Feststellungsperiode“ ist die Periode ab einem Zinszahlungstag (oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum nächsten (oder ersten) Zinszahlungstag (ausschließlich desselben).]

**[Im Fall von festverzinslichen Darlehen und 30/360 einfügen:** die Anzahl von Tagen in der Periode ab dem letzten Zinszahlungstag (oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (wobei die Zahl der Tage auf der Basis von 12 Monaten zu jeweils 30 Tagen berechnet wird), geteilt durch 360.]

**[Im Fall von Actual/Actual (Actual/365) einfügen:** die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 365 (oder, falls ein Teil des Zinsberechnungszeitraumes in ein Schaltjahr fällt, die Summe von (A) der tatsächlichen Anzahl von Tagen in dem Teil des Zinsberechnungszeitraums, die in das Schaltjahr fallen, dividiert durch 366 und (B) die tatsächliche Anzahl von Tagen in dem Teil des Zinsberechnungszeitraums, die nicht in ein Schaltjahr fallen, dividiert durch 365).]

**[Im Fall von Actual/365 (Fixed) einfügen:** die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 365.]

**[Im Fall von Actual/360 einfügen:** die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360.]

**[Im Fall von 30/360, 360/360 oder Bond Basis einfügen:** die Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360, wobei die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten zu je 30 Tagen zu ermitteln ist (es sei denn, (A) der letzte Tag des Zinsberechnungszeitraums fällt auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraumes weder auf den 30. noch auf den 31. Tag eines Monats fällt, wobei in diesem Fall der den letzten Tag enthaltende Monat nicht als ein auf 30 Tage gekürzter Monat zu behandeln ist, oder (B) der letzte Tag des Zinsberechnungszeitraumes fällt auf den letzten Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).]

**[Im Fall von 30E/360 oder Eurobond Basis einfügen:** die Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 360 (dabei ist die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit 12 Monaten zu 30 Tagen zu ermitteln, und zwar ohne Berücksichtigung des Datums des ersten oder letzten Tages des Zinsberechnungszeitraumes, es sei denn, der Fälligkeitstag des letzten Zinsberechnungszeitraums ist der letzte Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).]

**[D] Bei Doppelwährungs-Darlehen, teileingezahltem Darlehen, Index-Darlehen oder Raten-Darlehen anwendbare Bestimmungen hier einfügen.]**

#### § 4 ZAHLUNGEN

(1) *Zahlungen im allgemeinen.* Zahlungen von Kapital oder Zinsen in bezug auf das Darlehen erfolgen am jeweiligen Fälligkeitstag an den im Schuldschein oder in der Abtretungserklärung (wenn die Darlehensnehmerin diese spätestens vor dem Geschäftsschluss am fünfzehnten Tag vor diesem Fälligkeitstag (der „Stichtag“) erhalten hat) bezeichneten Gläubiger.

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf das Darlehen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in bezug auf ein Darlehen auf einen Tag, der kein Zahltag (wie nachstehend definiert) ist, dann hat der Gläubiger keinen Anspruch auf Zah-

„Determination Period“ means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to, but excluding, the next (or first) Interest Payment Date.]

**[In the case of Fixed Rate Loans and if 30/360 insert:** the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.]

**[If Actual/Actual (Actual/365) insert:** the actual number of days in the Calculation Period divided by 365 (or, if any calculation portion of that 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 not falling in a leap year divided by 365).]

**[If Actual/365 (Fixed) insert:** the actual number of days in the Calculation Period divided by 365.]

**[If Actual/360 insert:** the actual number of days in the Calculation Period divided by 360.]

**[If 30/360, 360/360 or Bond Basis insert:** the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).]

**[If 30E/360 or Eurobond Basis insert:** the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]

**[(D) In the case of a Dual Currency Loan, Partly Paid Loan, Index-Linked Loan or Instalment Loan, insert applicable provisions herein.]**

#### § 4 PAYMENTS

(1) *Payments in general.* Payments of principal or interest, as the case may be, in respect of this Loan shall be made, on the respective due date therefor to the person named as the Creditor in the Certificate of Indebtedness or in the declaration of assignment received by the Borrower at the latest at the close of business on the fifteenth day before such due date (the “Record Date”).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Loan shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *Payment Business Day.* If the date for payment of any amount in respect of any Loan is not a Payment Business Day (as defined below) then the Creditor shall not be entitled to

lung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. Für diese Zwecke bezeichnet „Zahltage“ einen Tag (außer einem Samstag oder Sonntag), an dem **[falls die festgelegte Währung nicht Euro ist, einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren einfügen]** Zahlungen abwickeln] **[falls die festgelegte Währung Euro ist, einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET)] Zahlungen abwickelt).

(4) **Bezugnahme auf Kapital [falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen: und Zinsen].** Bezugnahmen in diesen Darlehensbedingungen auf Kapital des Darlehens schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag des Darlehens (wie in § 5 (1) angegeben); **[im Fall eines nicht nachrangigen Darlehens oder falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** den vorzeitigen Rückzahlungsbetrag des Darlehens (wie nachstehend angegeben);] **[falls die Darlehensnehmerin das Wahlrecht hat, das Darlehen aus anderen als steuerlichen Gründen vorzeitig zurückzuzahlen, einfügen:** den Wahl-Rückzahlungsbetrag (Call) des Darlehens (wie nachstehend angegeben);] **[falls der Gläubiger ein Wahlrecht hat, das Darlehen zur vorzeitigen Rückzahlung zu kündigen, einfügen:** den Wahl-Rückzahlungsbetrag (Put) des Darlehens (wie nachstehend angegeben)] **[im Fall von unverzinslichen Darlehen außer nachrangigen Darlehen in Fällen, in denen vorzeitige Rückzahlung aus steuerlichen Gründen nicht anwendbar ist, einfügen:** den Amortisationsbetrag des Darlehens (wie nachstehend angegeben);] **[im Fall von Raten-Darlehen einfügen:** die auf das Darlehen zu leistende(n) Rate(n) (wie in § 5 (1) angegeben);] sowie jeden Aufschlag sowie sonstige auf oder in bezug auf das Darlehen zahlbaren Beträge. **[Falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** Bezugnahmen in diesen Darlehensbedingungen auf Zinsen auf das Darlehen schließen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge (wie in § 7 definiert) ein.]

(5) **Hinterlegung von Kapital und Zinsen.** Die Darlehensnehmerin ist berechtigt, beim Amtsgericht Düsseldorf Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht im Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Darlehensnehmerin.

**[Falls Aufrechnung und Zurückbehaltungsrechte ausgeschlossen sind, einfügen:**

(6) **Ausschluss von Aufrechnung und Zurückbehaltungsrechten.** Die Darlehensnehmerin ist nicht berechtigt, gegen Ansprüche der Gläubiger aus dem Darlehen aufzurechnen oder Zurückbehaltungsrechte gegenüber solchen Ansprüchen geltend zu machen.]

## § 5 RÜCKZAHLUNG

[(1)] *Rückzahlung bei Endfälligkeit.*

**[Bei Darlehen, die keine Raten-Darlehen sind, einfügen:**

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt, wird das Darlehen zum Rückzahlungsbetrag am **[Im Fall eines festgelegten Fälligkeitstages Fälligkeitstag einfügen]** **[Im Fall eines Rückzahlungsmonats einfügen:** in den **[Rückzahlungsmonat einfügen]** fallenden Zinszahlungstag] (der „Fälligkeitstag“) zurückgezahlt. Der Rückzahlungsbetrag des Darlehens entspricht **[falls das Darlehen zum Nennbetrag zurückgezahlt wird, einfügen:** dem Nennbetrag des Darlehens] **[ansonsten den Rückzahlungsbetrag einfügen].]**

**[Bei Raten-Darlehen einfügen:**

payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “Payment Business Day” means a day which is a day (other than a Saturday or a Sunday) on which **[if the Specified Currency is not Euro insert:** commercial banks and foreign exchange markets in **[insert all relevant financial centres]** settle] **[if the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) settles] payments.

(4) **References to Principal [if a Loan is subject to Early Repayment for Reasons of Taxation insert: and Interest].** References in these Terms and Conditions of the Loans to principal in respect of the Loan shall be deemed to include, as applicable: the Final Repayment Amount of the Loan (as specified in § 5 (1)); **[in the case of an unsubordinated Loan or if a Loan is subject to Early Repayment for Reasons of Taxation insert:** the Early Repayment Amount of the Loan (as specified below);] **[if repayable at the option of the Borrower for other than Reasons of Taxation insert:** the Call Repayment Amount of the Loan (as specified below);] **[if repayable at the option of the Creditor insert:** the Put Repayment Amount of the Loan (as specified below);] **[in the case of a Zero Coupon Loan except in the case of a subordinated Loan which is not subject to Early Repayment for Reasons of Taxation insert:** the Amortised Face Amount of the Loan (as specified below);] **[in the case of an Instalment Loan insert:** the Instalment Amount(s) of the Loan (as specified in § 5 (1));] and any premium and any other amounts which may be payable under or in respect of the Loan. **[If a Loan is subject to Early Repayment for Reasons of Taxation insert:** References in these Terms and Conditions of the Loans to interest in respect of the Loan shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.]

(5) **Deposit of Principal and Interest.** The Borrower may deposit with the *Amtsgericht* in Düsseldorf principal or interest not claimed by Creditors within twelve months after the Maturity Date, even though such Creditors may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Creditors against the Borrower shall cease.

**[If set-off and rights of retention are excluded insert:**

(6) **Exclusion of set-off and rights of retention.** The Borrower shall not be entitled to set-off any obligations against claims of the Creditors under the Loan or to exercise any right of retention against any such claims.]

## § 5 REDEMPTION

[(1)] *Repayment at Maturity.*

**[In the case of Loans other than Instalment Loans insert:**

Unless previously repaid in whole or in part the Loan shall be repaid at its Final Repayment Amount on **[in the case of a specified Maturity Date insert such Maturity Date]** **[in the case of a Repayment Month insert:** the Interest Payment Date falling in **[insert Repayment Month]**] (the “Maturity Date”). The Final Repayment Amount in respect of each Loan shall be **[if the Loan is repaid at its principal amount insert:** its principal amount] **[otherwise insert Final Repayment Amount].]**

**[In the case of an Instalment Loan insert:**

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt, wird das Darlehen an dem/den nachstehenden Ratenzahlungs-termin(en) zu der/den folgenden Rate(n) zurückgezahlt:

Ratenzahlungstermin(e)/Raten  
[einfügen]

•  
•]

[Falls bei einem Darlehen vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Das Darlehen kann insgesamt, jedoch nicht teilweise, nach Wahl der Darlehensnehmerin [Im Fall von festverzinslichen Darlehen einfügen: jederzeit] [Im Fall von variabel verzinslichen Darlehen, Index-Darlehen oder Doppelwährungs-Darlehen einfügen: an jedem Zinszahlungstag] mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber den Gläubigern zur vorzeitigen Rückzahlung gekündigt und zum vorzeitigen Rückzahlungsbetrag zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen zurückgezahlt werden, falls die Darlehensnehmerin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem das Darlehen begeben wird, wirksam) [Im Fall eines Darlehens, das nicht ein unverzinsliches Darlehen ist, einfügen: am nächstfolgenden Zinszahlungstag (wie in § 3 (1) definiert)] [im Falle eines unverzinslichen Darlehens einfügen: bei Fälligkeit oder im Falle des Verkaufs oder Tauschs eines Darlehens] zur Zahlung von zusätzlichen Beträgen (wie in § 7 definiert) verpflichtet sein wird. Eine solche Kündigung hat gemäß § [9] zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Darlehensnehmerin begründenden Umstände darlegt.]

[Falls die Darlehensnehmerin das Wahlrecht hat, das Darlehen vorzeitig zurückzuzahlen, einfügen:

[(3)] *Vorzeitige Rückzahlung nach Wahl der Darlehensnehmerin.*

(a) Die Darlehensnehmerin kann, nachdem sie gemäß Unterabsatz (b) gekündigt hat, das Darlehen insgesamt oder teilweise am/an den Wahl-Rückzahlungstag(en) (Call) zum/zu den Wahl-Rückzahlungsbetrag/- beträgen (Call), wie nachstehend angegeben, nebst etwaigen bis zum Wahl-Rückzahlungstag (Call) (ausschließlich) aufgelaufenen Zinsen zurückzahlen. [Bei Geltung eines Mindestrückzahlungsbetrages oder eines erhöhten Rückzahlungsbetrages einfügen: Eine solche Rückzahlung muss in Höhe eines Nennbetrages von [mindestens [Mindestrückzahlungsbetrag einfügen]] [erhöhten Rückzahlungsbetrag einfügen] erfolgen.]

Wahl-Rückzahlungstag(e) (Call) /Wahl-Rückzahlungsbetrag/-beträge (Call)

[einfügen]

•  
•

[Falls der Gläubiger ein Wahlrecht hat, das Darlehen zur vorzeitigen Rückzahlung zu kündigen, einfügen: Der Darlehensnehmerin steht dieses Wahlrecht nicht in bezug auf ein Darlehen zu, dessen Rückzahlung bereits der Gläubiger in Ausübung seines Wahlrechts nach Absatz [(4)] dieses § 5 verlangt hat.]

Unless previously repaid in whole or in part, the Loan shall be repaid on the Instalment Date(s) and in the Instalment Amount(s) set forth below:

Instalment Date(s)/Instalments Amounts  
[insert]

•  
•]

[If the Loan is subject to Early Repayment for Reasons of Taxation insert:

(2) *Early Repayment for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which this Loan was entered into, the Borrower is required to pay Additional Amounts (as defined in § 7) [in the case of a Loan other than a Zero Coupon Loan insert: on the next succeeding Interest Payment Date (as defined in § 3(1))] [in the case of a Zero Coupon Loan insert: at maturity or upon the sale or exchange of any Loan], the Loan may be repaid, in whole but not in part, at the option of the Borrower, [In the case of a Fixed Rate Loan insert: at any time] [In the case of a Floating Rate Loan, an Index-Linked Loan or a Dual Currency Loan insert: on any Interest Payment Date] on giving not more than 60 days' nor less than 30 days' prior notice of repayment to the Creditors, at their Early Repayment Amount (as defined below) together with interest (if any) accrued to the date fixed for repayment. Any such notice shall be given in accordance with § [9]. It shall be irrevocable, must specify the date fixed for repayment and must set forth a statement in summary form of the facts constituting the basis for the right of the Borrower so to repay.]

[If the Loan is subject to Early Repayment at the Option of the Borrower insert:

[(3)] *Early Repayment at the Option of the Borrower.*

(a) The Borrower may, upon notice given in accordance with subparagraph (b), repay [all] [some] of the Loan on the Call Repayment Date[s] at the Call Repayment Amount(s) set forth below together with accrued interest, if any, to (but excluding) the Call Repayment Date. [If Minimum Repayment Amount or Higher Repayment Amount applies insert: Any such repayment must be of a principal amount equal to [at least [insert Minimum Repayment Amount] [insert Higher Repayment Amount].]

Call Repayment Date(s)/Call Repayment Amount(s)

[insert]

•  
•

[If the Loan is subject to Early Repayment at the Option of the Creditor insert: The Borrower may not exercise such option in respect of any Loan which is the subject of the prior exercise by the Creditor thereof of its option to require the repayment of such Loan under paragraph [(4)] of this § 5.]

(b) Die Kündigung ist den Gläubigern des Darlehens durch die Darlehensnehmerin gemäß § [9] bekanntzugeben. Sie beinhaltet die folgenden Angaben:

- (i) die Bezeichnung des zurückzuzahlenden Darlehens;
- (ii) eine Erklärung, ob dieses Darlehen ganz oder teilweise zurückgezahlt wird und im letzteren Fall den Gesamtnennbetrag des zurückzuzahlenden Darlehens;
- (iii) den Wahl-Rückzahlungstag (Call), der nicht weniger als **[Mindestkündigungsfrist einfügen]** und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage nach dem Tag der Kündigung durch die Darlehensnehmerin gegenüber den Gläubigern liegen darf; und
- (iv) den Wahl-Rückzahlungsbetrag (Call), zu dem das Darlehen zurückgezahlt wird.

(c) Wenn das Darlehen nur teilweise zurückgezahlt wird, wird gegen Rückgabe des ursprünglichen Schuldscheins über den Darlehensrestbetrag ein neuer Schuldschein ausgestellt.]

**[Falls der Gläubiger ein Wahlrecht hat, das Darlehen zur vorzeitigen Rückzahlung zu kündigen, einfügen:**

**[(4)] Vorzeitige Rückzahlung nach Wahl des Gläubigers.**

(a) Die Darlehensnehmerin hat das Darlehen nach Ausübung des entsprechenden Wahlrechts durch den Gläubiger am/an den Wahl-Rückzahlungstag(en) (Put) zum/zu den Wahl-Rückzahlungsbetrag/- beträgen (Put), wie nachstehend angegeben, nebst etwaigen bis zum Wahl-Rückzahlungstag (Put) (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.

Wahl-Rückzahlungstag(e) (Put) /Wahl-Rückzahlungsbetrag/-beträge (Put)  
**[einfügen]**

- 
- 

**[Falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist oder falls die Darlehensnehmerin das Wahlrecht hat, das Darlehen aus anderen als steuerlichen Gründen vorzeitig zurückzuzahlen, einfügen:**

Dem Gläubiger steht dieses Wahlrecht nicht in bezug auf ein Darlehen zu, dessen Rückzahlung die Darlehensnehmerin zuvor in Ausübung ihres Wahlrechts nach Absatz [(3)] dieses § 5 verlangt hat.]

(b) Um dieses Wahlrecht auszuüben, hat der Gläubiger nicht weniger als **[Mindestkündigungsfrist einfügen]** Tage und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage vor dem Wahl-Rückzahlungstag (Put), an dem die Rückzahlung gemäß der Ausübungserklärung (wie nachstehend definiert) erfolgen soll, bei der bezeichneten Geschäftsstelle der Berechnungsstelle während der normalen Geschäftszeiten eine ordnungsgemäß ausgefüllte Mitteilung zur vorzeitigen Rückzahlung („Ausübungserklärung“), wie sie von der bezeichneten Geschäftsstelle der Berechnungsstelle erhältlich ist, zu hinterlegen. Die Ausübung des Wahlrechts kann nicht widerrufen werden.]

**[Bei einem nicht nachrangigen Darlehen (außer einem unverzinslichen Darlehen) einfügen:**

**[(5)] Vorzeitiger Rückzahlungsbetrag.**

Für die Zwecke von **[falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen: Absatz (2) dieses § 5 und] § 9** entspricht der vorzeitige Rückzahlungsbetrag eines Darlehens dem Rückzahlungsbetrag.]

(b) Notice of repayment shall be given by the Borrower to the Creditors of the Loan in accordance with § [9]. Such notice shall specify:

- (i) the details of the Loan subject to repayment;
- (ii) whether such Loan is to be repaid in whole or in part only and, if in part only, the aggregate principal amount of the Loan which is to be repaid;
- (iii) the Call Repayment Date, which shall be not less than **[insert Minimum Notice to Creditors]** nor more than **[insert Maximum Notice to Creditors]** days after the date on which notice is given by the Borrower to the Creditors; and
- (iv) the Call Repayment Amount at which such Loan is to be repaid.

(c) In the case of a partial repayment of a Loan, a new Certificate of Indebtedness will be issued in respect of the balance of the Loan outstanding against surrender of the original Certificate of Indebtedness.]

**[If the Loan is subject to Early Repayment at the Option of a Creditor insert:**

**[(4)] Early Repayment at the Option of a Creditor.**

(a) The Borrower shall, at the option of the Creditor of the Loan, repay such Loan on the Put Repayment Date(s) at the Put Repayment Amount(s) set forth below together with accrued interest, if any, to (but excluding) the Put Repayment Date.

Put Redemption Date(s)/Put Redemption Amount(s)  
**[insert]**

- 
- 

**[If the Loan is subject to Early Repayment for Reasons of Taxation or if Loan is subject to Early Repayment at the Option of the Borrower insert:**

The Creditor may not exercise such option in respect of any Loan which is the subject of the prior exercise by the Borrower thereof of its option to redeem such Loan under paragraph [(3)] of this § 5.]

(b) In order to exercise such option, the Creditor must, not less than **[insert Minimum Notice to Borrower]** nor more than **[insert Maximum Notice to Borrower]** days before the Put Redemption Date on which such repayment is required to be made as specified in the Put Notice (as defined below), submit during normal business hours at the specified office of the Calculation Agent a duly completed early repayment notice (“Put Notice”) in the form available from the specified office of the Calculation Agent. No option so exercised may be revoked or withdrawn.]

**[In the case of an unsubordinated Loan other than a Zero Coupon Loan insert:**

**[(5)] Early Repayment Amount.**

For purposes of **[if Loans are subject to Early Repayment for Reasons of Taxation insert: paragraph (2) of this § 5 and] § 9**, the Early Repayment Amount of a Loan shall be its Final Repayment Amount.]

**[Bei einem nachrangigen Darlehen (außer einem unverzinslichen Darlehen), falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:**

**[(5)] Vorzeitiger Rückzahlungsbetrag.**

Für die Zwecke des Absatzes (2) dieses § 5 entspricht der vorzeitige Rückzahlungsbetrag eines Darlehens dem Rückzahlungsbetrag.]

**[Bei nicht nachrangigen unverzinslichen Darlehen oder im Falle eines nachrangigen unverzinslichen Darlehens, falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:**

**[(5)] Vorzeitiger Rückzahlungsbetrag.**

(a) Für die Zwecke des **[falls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen: Absatz (2) dieses § 5] [im Fall von nicht nachrangigen Darlehen einfügen: [und des] § [8]],** entspricht der vorzeitige Rückzahlungsbetrag eines Darlehens dem Amortisationsbetrag des Darlehens.

(b) Der Amortisationsbetrag eines Darlehens entspricht der Summe aus:

- (i) **[Referenzpreis einfügen]** (der „Referenzpreis“), und
- (ii) dem Produkt aus **[Rendite einfügen]** (jährlich kapitalisiert) und dem Referenzpreis ab dem **[Verzinsungsbeginn einfügen]** (einschließlich) bis zu dem vorgesehenen Rückzahlungstag oder (je nachdem) dem Tag, an dem das Darlehen fällig und rückzahlbar wird (ausschließlich).

Wenn diese Berechnung für einen Zeitraum, der nicht vollen Jahren entspricht, durchzuführen ist, hat sie im Falle des nicht vollständigen Jahres auf der Grundlage des Zinstagequotienten (wie in § 3 definiert) zu erfolgen.

(c) Falls die Darlehensnehmerin den vorzeitigen Rückzahlungsbetrag bei Fälligkeit nicht zahlt, wird der Amortisationsbetrag des Darlehens wie vorstehend beschrieben berechnet, jedoch mit der Maßgabe, dass die Bezugnahmen in Unterabsatz (b) (ii) auf den vorgesehenen Rückzahlungstag oder den Tag, an dem dieses Darlehen fällig und rückzahlbar wird, durch den früheren der nachstehenden Zeitpunkte ersetzt werden: (i) der Tag, an dem die Zahlung gegen ordnungsgemäße Vorlage und Einreichung des betreffenden Schuldscheins (sofern erforderlich) erfolgt, und (ii) der fünfte Tag, nachdem die Berechnungsstelle gemäß § [9] mitgeteilt hat, dass ihr die für die Rückzahlung erforderlichen Mittel zur Verfügung gestellt wurden.]

**[Wenn eine Berechnungsstelle vereinbart ist, einfügen**

### **§ 6 DIE BERECHNUNGSSTELLE**

(1) *Bestellung; bezeichnete Geschäftsstelle.* Die Berechnungsstelle und deren anfänglich bezeichnete Geschäftsstelle sind:

**[Berechnungsstelle einfügen]**

Die Berechnungsstelle behält sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Darlehensnehmerin behält sich das Recht vor, jederzeit die Bestellung der Berechnungsstelle zu ändern oder zu beenden und eine andere Berechnungsstelle zu bestellen. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer

**[In the case of a subordinated Loan other than a Zero Coupon Loan if the Loan is subject to Early Repayment for Reasons of Taxation insert:**

**[(5)] Early Repayment Amount.**

For purposes of paragraph (2) of this § 5, the Early Repayment Amount of a Loan shall be its Final Repayment Amount.]

**[In the case of an unsubordinated Zero Coupon Loan or in the case of a subordinated Zero Coupon Loan if the Loan is subject to Early Repayment for Reasons of Taxation insert:**

**[(5)] Early Repayment Amount.**

(a) For purposes **[if the Loan is subject to Early Repayment for Reasons of Taxation insert: of paragraph (2) of this § 5] [in the case of an unsubordinated Loan insert: [and] § [8]],** the Early Repayment Amount of a Loan shall be equal to the Amortised Face Amount of the Loan.

(b) The Amortised Face Amount of a Loan shall be an amount equal to the sum of:

- (i) **[insert Reference Price]** (the “Reference Price”), and
- (ii) the product of **[insert Amortisation Yield]** (compounded annually) and the Reference Price from (and including) **[insert Interest Commencement Date]** to (but excluding) the date fixed for repayment or (as the case may be) the date upon which the Loan becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in § 3).

(c) If the Borrower fails to pay the Early Repayment Amount when due, the Amortised Face Amount of a Loan shall be calculated as provided herein, except that references in subparagraph (b) (ii) to the date fixed for repayment or the date on which such Loan becomes due and repayable shall refer to the earlier of the following dates: (i) the date on which upon due presentation and surrender of the relevant Certificate of Indebtedness (if required), payment is made, and (ii) the fifth day after notice has been given by the Calculation Agent in accordance with § [9] that the funds required for repayment have been provided to the Calculation Agent.

**[In case of a Calculation Agent insert:**

### **§ 6 CALCULATION AGENT**

(1) *Appointment; specified office.* The Calculation Agent and its specified office is:

**[Insert Calculation Agent]**

The Calculation Agent reserves the right at any time to change its specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Borrower reserves the right at any time to vary or terminate the appointment of the Calculation Agent and to appoint another Calculation Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of

im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § [9] vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Beauftragte der Darlehensnehmerin.* Die Berechnungsstelle handelt ausschließlich als Beauftragte der Darlehensnehmerin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihr und den Gläubigern begründet.]

#### § [7] STEUERN

Sämtliche auf das Darlehen zu zahlenden Beträge sind ohne Einbehalt oder Abzug an der Quelle von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben an der Quelle auferlegt, erhoben, eingezogen, einbehalten oder veranlagt werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. **IFalls vorzeitige Rückzahlung aus steuerlichen Gründen anwendbar ist, einfügen:** In diesem Fall wird die Darlehensnehmerin im vollen, gesetzlich zulässigen Umfang diejenigen zusätzlichen Beträge (die „zusätzlichen Beträge“) zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlichen Beträge besteht jedoch nicht für solche Steuern und Abgaben, die:

(a) anders als durch Einbehalt oder Abzug von Zahlungen zu entrichten sind, die die Darlehensnehmerin an den Gläubiger leistet; oder

(b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf das Darlehen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

(c) (x) aufgrund oder infolge (i) eines internationalen Vertrages, dessen Partei die Bundesrepublik Deutschland ist, oder (ii) einer Verordnung oder Richtlinie aufgrund oder infolge eines solchen Vertrages auferlegt oder erhoben werden; oder

(y) auf eine Zahlung erhoben werden, die an eine natürliche Person vorgenommen wird und aufgrund der Richtlinie 2003/48/EG des Europäischen Rates oder einer anderen Richtlinie (die „Richtlinie“) zur Umsetzung der Schlussfolgerungen des ECOFIN-Ratstreffens vom 26. und 27. November 2000 über die Besteuerung von Einkommen aus Geldanlagen oder aufgrund einer Rechtsnorm erhoben werden, die der Umsetzung dieser Richtlinie dient, dieser entspricht oder zur Anpassung an die Richtlinie eingeführt wird; oder

(d) wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, falls dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § [9] wirksam wird; oder

(e) zahlbar sind aufgrund irgendeiner an den Gläubiger in der Bundesrepublik Deutschland erfolgenden Zahlung.

insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Creditors in accordance with § [9].

(3) *Agent of the Borrower.* The Calculation Agent acts solely as agent of the Borrower and does not have any obligations towards or relationship of agency or trust to any Creditor.]

#### § [7] TAXATION

All amounts payable in respect of the Loan shall be made without withholding or deduction at source for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by way of withholding or deduction at source in, by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. **IF the Loans are subject to Early Repayment for Reasons of Taxation insert:** In such event, the Borrower shall, to the fullest extent permitted by law, pay such additional amounts (the "Additional Amounts") as shall be necessary in order that the net amounts received by the Creditors, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

(a) are payable otherwise than by withholding or deduction from payments of principal or interest made by the Borrower to the Creditor, or

(b) are payable by reason of the Creditor having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Loan are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or

(c) (x) are payable pursuant to, or as a consequence of (i) an international agreement, to which the Federal Republic of Germany is a party, or (ii) a directive or regulation passed pursuant to, or as a consequence of, such Agreement, or

(y) are payable on a payment to an individual and which are required to be levied pursuant to European Council Directive 2003/48/EC or any other directive (the "Directive") implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or

(d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § [9], whichever occurs later; or

(e) are payable on any payment made to the Creditor in the Federal Republic of Germany.

**§ [8]  
KÜNDIGUNG**

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, sein Darlehen gemäß Absatz (2) zu kündigen und dessen sofortige Rückzahlung zum vorzeitigen Rückzahlungsbetrag (wie in § 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

- (a) die Darlehensnehmerin Kapital oder Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag zahlt; oder
- (b) die Darlehensnehmerin die ordnungsgemäße Erfüllung einer anderen Verpflichtung aus dem Darlehen unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als 60 Tage fort dauert, nachdem die **[falls eine Berechnungsstelle ernannt wurde, einfügen: Berechnungsstelle] [falls keine Berechnungsstelle ernannt wurde, einfügen: Darlehensnehmerin]** hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder
- (c) die Darlehensnehmerin ihre Zahlungsunfähigkeit bekanntgibt oder ihre Zahlungen einstellt; oder
- (d) ein Gericht ein Insolvenzverfahren gegen die Darlehensnehmerin eröffnet, das nicht innerhalb von 60 Tagen nach dessen Eröffnung aufgehoben oder ausgesetzt wird, oder die Darlehensnehmerin oder eine Aufsichts- oder sonstige Behörde, deren Zuständigkeit die Darlehensnehmerin unterliegt, ein solches Verfahren einleitet oder beantragt oder die Darlehensnehmerin eine allgemeine Schuldenregelung zugunsten ihrer Gläubiger anbietet oder trifft; oder
- (e) die Darlehensnehmerin aufgelöst oder liquidiert wird, es sei denn, dass die Auflösung oder Liquidation im Zusammenhang mit einer Verschmelzung oder einem sonstigen Zusammenschluss mit einem anderen Rechtsgebilde erfolgt, sofern dieses andere Rechtsgebilde alle Verbindlichkeiten der Darlehensnehmerin aus dem Darlehen übernimmt und die Gewährträgerhaftung und Anstaltslast der Eigentümer der Darlehensnehmerin für die Darlehensnehmerin und deren Verbindlichkeiten aus dem Darlehen sich infolge der Verschmelzung oder des sonstigen Zusammenschlusses nicht ändert; oder
- (f) die Darlehensnehmerin ihren Geschäftsbetrieb einstellt oder damit droht.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung des Darlehens gemäß Absatz (1) ist schriftlich in deutscher oder englischer Sprache gegenüber der **[falls eine Berechnungsstelle ernannt wurde, einfügen: Berechnungsstelle] [falls keine Berechnungsstelle ernannt wurde, einfügen: Darlehensnehmerin]** zu erklären und persönlich oder per Einschreiben zu übermitteln. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Gläubiger des betreffenden Darlehens ist.]

**§ [9]  
MITTEILUNGEN**

*Bekanntmachung der Darlehensnehmerin.* Alle das Darlehen betreffenden Mitteilungen erfolgen durch Brief oder Telefax an die im Register verzeichnete Adresse oder Telefaxnummer.

**§ [8]  
ACCELERATION**

(1) *Events of default.* Each Creditor shall be entitled to declare its Loan due in accordance with paragraph (2) and demand immediate repayment thereof at the Early Repayment Amount (as described in § 5), together with accrued interest (if any) to the date of repayment, in the event that:

- (a) the Borrower fails to pay principal or interest within 30 days from the relevant due date; or
- (b) the Borrower fails duly to perform any other obligation arising from the Loan which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 60 days after the **[If a Calculation Agent has been appointed insert: Calculation Agent] [If no Calculation Agent has been appointed insert: Borrower]** has received notice thereof from a Creditor; or
- (c) the Borrower announces its inability to meet its financial obligations or ceases its payments; or
- (d) a court opens insolvency proceedings against the Borrower which shall not have been dismissed or stayed within 60 days after the commencement thereof, or the Borrower or a supervisory or other authority which has jurisdiction over the Issuer institutes or applies for such proceedings or the Borrower offers or makes an arrangement for the benefit of its creditors generally; or
- (e) the Borrower is dissolved or liquidated, unless such dissolution or liquidation is made in connection with a merger, consolidation or other combination with any other entity, provided that such other entity assumes all obligations of the Borrower arising under the Loan and further provided that with respect to the Borrower the guarantor liability (*Gewährträgerhaftung*) and institutional liability (*Anstaltslast*) of the owners of the Borrower for the obligations of the Borrower arising under the Loan will not change as a result of such merger, consolidation or other combination; or
- (f) the Borrower ceases or threatens to cease to carry on its business.

The right to declare the Loan due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Notice.* Any notice, including any notice declaring a Loan due in accordance with paragraph (1), shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the **[If a Calculation Agent has been appointed insert: Calculation Agent] [If no Calculation Agent has been appointed insert: Borrower]** together with proof that such Creditor at the time of such notice is a creditor of the relevant Loan.]

**§ [9]  
NOTICES**

*Notice by Borrower.* All notices concerning the Loan shall be given by letter or facsimile copy to the address or facsimile number appearing in the Register.



**§ [10]  
ANWENDBARES RECHT,  
ERFÜLLUNGORT,  
GERICHTSSTAND UND  
GERICHTLICHE  
GELTENDMACHUNG**

(1) *Anwendbares Recht.* Form und Inhalt des Darlehens sowie die Rechte und Pflichten der Gläubiger und der Darlehensnehmerin bestimmen sich nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Düsseldorf.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit dem Darlehen entstehenden Klagen oder sonstigen Verfahren ist das Landgericht Düsseldorf.

**§ [11]  
SPRACHE**

**[Falls der deutsche Text bindend sein soll, einfügen:** Diese Darlehensbedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.]

**[Falls der englische Text bindend sein soll, einfügen:** Diese Darlehensbedingungen sind in englischer Sprache abgefasst. Eine Übersetzung in die deutsche Sprache ist beigelegt. Der englische Text ist bindend und maßgeblich. Die Übersetzung in die deutsche Sprache ist unverbindlich.]

**§ [10]  
APPLICABLE LAW,  
PLACE OF PERFORMANCE,  
PLACE OF JURISDICTION  
AND ENFORCEMENT**

(1) *Applicable Law.* The Loan, as to form and content, and all rights and obligations of the Creditors and the Borrower, shall be governed by German law.

(2) *Place of Performance.* Place of performance shall be Düsseldorf.

(3) *Submission to Jurisdiction.* The District Court (Landgericht) in Düsseldorf shall have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Loan.

**[§ [11]  
LANGUAGE**

**[If the German text shall be binding insert:** These Terms and Conditions of the Loans are written in the German language and provided with an English language translation. The German text shall be prevailing and binding. The English language translation is provided for convenience only.]

**[If the English text shall be binding insert:** These Terms and Conditions of the Loans are written in the English language and provided with a German language translation. The English text shall be prevailing and binding. The German language translation is provided for convenience only.]

## **Use of Proceeds**

The net proceeds from each issue of Instruments will be applied by the Issuer for its general corporate purposes.

# Description of the Issuer

## Establishment and Domicile

NRW.BANK has emerged from Landesbank Nordrhein-Westfalen (**Landesbank NRW**) following a change of name in which the company's identity remained unchanged.

The change of name resulted from the entry into force of the *Gesetz zur Umstrukturierung der Landesbank Nordrhein-Westfalen zur Förderbank des Landes Nordrhein-Westfalen und zur Änderung anderer Gesetze* (Act on the Reorganisation of Landesbank Nordrhein-Westfalen into the Development Bank of the State of North Rhine-Westphalia and on the Amendment of Other Laws) (**Reorganisation Act**) on 31st March, 2004. Landesbank NRW was founded on 1st August, 2002 under the *Gesetz zur Neuregelung der öffentlich-rechtlichen Kreditinstitute in Nordrhein-Westfalen* (the Act on Redefining the Legal Status of Public-Law Banking Institutions in North Rhine-Westphalia) – (the **Artikelgesetz**) as a legally autonomous public-law institution with retroactive effect from 1st January, 2002 for an unlimited duration. In accordance with Article 1 Section 2, the foundation was effected by way of a transfer of certain assets specified in the Artikelgesetz of Westdeutsche Landesbank Girozentrale to Landesbank NRW.

NRW.BANK has registered offices in Düsseldorf (Heerdter Lohweg 35, 40549 Düsseldorf) and Münster (Friedrichstraße 1, 48145 Münster) and is registered with the Commercial Registers in: Düsseldorf (HR A 15277) and Münster (HR A 5300).

## Legal Status

NRW.BANK has legal capacity by virtue of law. It is a bank with the legal status of a public-law institution. State supervision of the bank is the responsibility of the Ministry of the Interior of North Rhine-Westphalia.

In the context of its housing and small settlement promotion activities, NRW.BANK operates Wohnungsbauförderungsanstalt (**Wfa**) as an organisationally and economically independent unincorporated public-law institution. Wfa has its registered office in Düsseldorf. State supervision of Wfa is the responsibility of the Ministry of the Interior of North Rhine-Westphalia in co-operation with the Ministry of Urban Development and Housing, Culture and Sport.

## Business Purpose

The tasks of NRW.BANK focus, according to its statutes, on the typical tasks of a development bank – a mission formulated in the Reorganisation Act. This mission, which NRW.BANK performs in the context of its development programmes, is put into concrete terms in the state's public development guidelines. To fulfil its mission, NRW.BANK will operate in the following development sectors:

- finance for securing and improving the small and medium-sized business sector, especially through finance for business start-ups and business expansion;
- social housing promotion;
- providing venture capital;
- urban development;
- infrastructure initiatives;
- agricultural, forestry and rural initiatives;
- environmental protection, technological and innovation initiatives; and
- social, cultural and scientific initiatives.

In the context of its mission, NRW.BANK may also provide finance for central, federal and local governments and special-purpose associations under public law and participate in projects financed by the European Investment Bank or similar projects in the interest of the public.

In addition to the treasury business, NRW.BANK may, to the extent this is related to its tasks, also manage risks, raise subordinate guarantee capital and issue uncovered bearer bonds, profit participation rights, public-sector Pfandbriefe and other bonds. Securities trading as well as the deposit-taking and giro business are also permissible if they are directly related to the performance of NRW.BANK's tasks.

The business of NRW.BANK is to be conducted in accordance with standard business principles, with a view toward the public good. The generation of profit is not NRW.BANK's main purpose.

## Development Bank

By enacting the Reorganisation Act on 31st March, 2004, the legislature has complied with the requirements of the so-called "Verständigung II" accord reached between the European Commission and the German Federal Government on 1st March, 2002 and rebuilt Landesbank NRW into a purely development bank. As a result, the new NRW.BANK will benefit from institutional liability and guarantor liability (each as described below) even after 18th July, 2005. For institutions which come inside "Verständigung I", institutional liability and guarantor liability will cease to exist as of 18th July, 2005.

Under the Verständigung II accord, development banks performing development tasks in the context of a public mission may continue to use institutional liability and guarantor liability as well as other guarantees subject to certain requirements described in detail in the Verständigung II accord.

## Assets and Management of Wfa

The registered capital and reserves of Wfa as well as the state housing construction funds have been allocated to a special reserve for the promotion of housing and small settlements. The assets of Wfa must be used separately from the other assets of NRW.BANK exclusively to finance its missions. The State of North Rhine-Westphalia is liable for the liabilities of Wfa. The special reserve may be used as capital backing for NRW.BANK's proprietary business only to the extent that the performance of Wfa's legal mission is ensured.

Wfa is represented by the Managing Board of NRW.BANK.

## Explicit Guarantee, Institutional Liability and Guarantor Liability

As a competitively neutral development bank meeting the requirements of the Verständigung II accord, NRW.BANK benefits from explicit guarantees by its guarantors, especially the State of North Rhine-Westphalia, in addition to the unlimited state guarantees (institutional liability and guarantor liability).

The **Explicit Guarantee** refers to a legally imposed joint and several liability of the owners. Based on such an explicit guarantee, all existing and future issues by the bank in question would have a solvency weighting of "zero".

**Institutional liability** is the obligation of the public-law guarantor to secure the financial basis of a bank, to keep it functional and cover any potential financial gaps. Institutional liability is limited neither in terms of the amount nor in terms of time. It is regarded as a general principle of law.

**Guarantor liability** is a direct obligation, which is based on a law or ordinance, of a public-law institution (state, municipality, other corporation under public law) towards creditors of a public-law bank for all liabilities of that bank. It obliges the guarantor to step in in case of insolvency or liquidation of the bank. It is not a general principle of law and requires an express legal basis.

## Guarantors

The guarantors and their respective shareholdings in NRW.BANK, as of 31st December, 2003, are listed below:

	€ millions	%
State of North Rhine-Westphalia	215.8	43.2
Regional Association of the Rhineland	58.8	11.7
Regional Association of Westphalia-Lippe	58.8	11.7
Savings Banks and Giro Association of the Rhineland	83.3	16.7
Savings Banks and Giro Association of Westphalia-Lippe	83.3	16.7
	500.0	100.0
	500.0	100.0

## Capital

As at 31st December, 2003 the authorized capital of Landesbank NRW was € 666.7 million, the fully paid in capital was € 500.0 million. The total capital and reserves of Landesbank NRW Group amounted to € 13,253.6 million as at 31st December, 2003 (31st December, 2002 € 14,978.9), consisting of subscribed capital of € 500.0 million, capital reserves of € 4,416.6 million, reserves from retained earnings of € 2.4 million, group reserves of - € 1,424.7 million, silent contribution for WestLB AG 837.1 million, preference shares of € 869.2 million, equalizing items for shares of other shareholders of € 5.9 million, profit participation capital of € 2,894.9 million, funds of general bank risks of € 295.9 million and subordinated debt of € 4,856.3 million.

The capital of Landesbank NRW and NRW.BANK is not divided into shares.

## Capitalisation

The capitalisation of Landesbank NRW Group as at 31st December, 2003 was as follows:

<b>Debt</b>	<b>31st December, 2003</b>	<b>31st December, 2002</b>
	<b>€ millions</b>	<b>€ millions</b>
Long term debt	133,842.0	110,202.2
Thereof:		
Bonds and notes	75,545.4	58,150.0
Other liabilities	58,296.6	52,052.2
Short term debt	180,505.3	205,064.9
<b>Total</b>	<b>314,347.3</b>	<b>315,267.1</b>

<b>Equity Capital</b>	<b>31st December, 2003</b>	<b>31st December, 2002</b>
	<b>€ millions</b>	<b>€ millions</b>
Subscribed capital	500,0	500,0
Capital reserves	4.416,6	6.212,1
including:		
special reserves pertaining to Wfa	3.016,6	3.016,6
Consolidation excess	-1.424,7	-176,8
Reserves from retained earnings		
required by Landesbank NRW's articles and bylaws	2,4	2,4
Silent contributions to WestLB AG	837,1	0,0
Preferred shares	869,2	0,0
Equalising items for shares of other shareholders	5,9	2,5
<b>Total</b>	<b>5.206,5</b>	<b>6.540,2</b>

From 1st January, 2004 to 22nd April, 2004, NRW.BANK raised the amount of EUR 7,878,995,504.00 through the issuance of floating rate notes, fixed rate notes and loans and other Notes and loans with maturities ranging from 1 to 15 years.

Save as disclosed above, there has been no material change in the capitalisation of the Issuer since 31st December, 2003

## WestLB AG

WestLB AG is a wholly owned subsidiary of NRW.BANK. Under a restructuring of the former Westdeutsche Landesbank Girozentrale (WestLB Girozentrale) pursuant to the Artikelgesetz, WestLB Girozentrale's competitive operations were separated from its public sector focussed business by spinning-off the public sector focussed business and the Pfandbrief (mortgage bond) business to the newly established public law entity, Landesbank NRW on 1st August, 2002 with retroactive effect as of 1st January, 2002.

Pursuant to the Artikelgesetz, on 1st August, 2002 the legal form of the remaining WestLB Girozentrale was changed from a public law institution to a joint stock company under German law. The conversion into a joint stock company became effective on 30th August, 2002, with the entry of the company in the Commercial Registers of Düsseldorf and Münster under the name of WestLB AG.

WestLB AG comprises all commercial banking activities of the former WestLB Girozentrale except for the Pfandbrief business, which was transferred to Landesbank NRW. All branches, representative offices and foreign subsidiaries of the former WestLB Girozentrale were maintained by WestLB AG. WestLB AG will continue to be liable for all current obligations and duties of the former WestLB Girozentrale except those spun off to Landesbank NRW. As a German universal bank, WestLB AG provides commercial and investment banking services regionally, nationally and internationally to public, corporate and banking clients.

WestLB AG also performs the functions of a municipal bank for the State of North Rhine-Westphalia and acts as the central bank of the Sparkassen (savings banks) in North Rhine-Westphalia. It conducts a comprehensive range of wholesale banking business and has the power to issue bonds and notes (with the exception of Pfandbriefe) and is one of the largest continuous issuers of long-term debt in Germany. In addition, WestLB AG acts as the clearing and depository bank for the savings banks in North Rhine-Westphalia. Internationally, the WestLB Group operates through an extensive network of banking subsidiaries, branches and representative offices to provide a range of financial services to its clients.

Pursuant to a guarantor liability (*Gewährträgerhaftung*) as set forth in Article 1, Section 11 of the Restructuring Law, the owners of NRW.BANK (guarantors) are jointly and severally liable for all obligations of WestLB AG agreed by 18th July, 2005. This applies without any time limitations to liabilities which had been agreed by 18th July, 2001 and to those agreed thereafter only to the extent the maturity of such obligations does not go beyond 31st December, 2015. However, recourse to the owners of NRW.BANK is possible only in the event that the assets of WestLB AG are insufficient to satisfy WestLB AG's obligations.

Until and including 18th July, 2005, the owners of NRW.BANK will ensure that WestLB AG is able to honour its obligations (*Anstaltslast*).

## Governing Bodies of NRW.BANK

The governing bodies of NRW.BANK include the Guarantors' Meeting, the Supervisory Board and the Managing Board.

### Guarantors' Meeting

The Guarantors' Meeting comprises:

- a) the Minister of Finance of North Rhine-Westphalia,
- b) the Minister of Economics and Labour of North Rhine-Westphalia,
- c) the Director of the Regional Association of the Rhineland,
- d) the Director of the Regional Association of Westphalia-Lippe,
- e) the Association Director of the Savings Banks and Giro Association of the Rhineland,
- f) the Association Director of the Savings Banks and Giro Association of Westphalia-Lippe,

- g) 12 other members of the shareholders delegated by the guarantors in accordance with the respective shareholdings, with the members under a) to f) above not counting towards the total; accordingly, the State of North Rhine-Westphalia accounts for 6 of the 12 members, the Regional Associations for 1 member each and the Savings Banks and Giro Associations for 2 members each.

The members under a) to f) above are the Chairperson and Deputy Chairpersons of the Guarantors' Meeting. With the exception of the Chairperson, they are entitled to be represented at the Guarantors' Meeting by a permanent representative. They are also entitled to invite these representatives to attend the meetings. The meetings are attended by the Managing Board of NRW.BANK.

The **Guarantors' Meeting** currently has the following members:

Chairman

Harald Schartau, Minister, Ministry of Economics and Labour of North Rhine-Westphalia, Düsseldorf,

Deputy Chairmen

Jochen Dieckmann, MdL, Minister, Ministry of Finance of North Rhine-Westphalia, Düsseldorf,

Udo Molsberger, Regional Director, Regional Association of the Rhineland, Cologne,

Wolfgang Schäfer, Regional Director, Regional Association of Westphalia-Lippe, Münster,

Dr. Karlheinz Bentele, President, Savings Banks and Giro Association of the Rhineland, Münster,

Dr. Rolf Gerlach, President, Savings Banks and Giro Association of Westphalia-Lippe, Düsseldorf, voting agent,

Delegated by the **State of North Rhine-Westphalia:**

Dr. Josef Fischer, Under Secretary, Ministry of Economics and Labour of North Rhine-Westphalia, Düsseldorf,

Dr. Thomas Griese, Under Secretary, Ministry of the Environment and Nature Conservation, Agriculture, and Consumer Protection of North Rhine-Westphalia, Düsseldorf,

Jörg Hennerkes, Under Secretary, Ministry of Transport, Energy and State Planning of North Rhine-Westphalia, Düsseldorf,

Bernd Kiesow, Senior Principal, Ministry of Finance of North Rhine-Westphalia, Düsseldorf, voting agent,

Wolfram Kuschke, Minister, Head of the State Chancellery of North Rhine-Westphalia, Düsseldorf,

Manfred Morgenstern, Under Secretary, Ministry of Urban Development and Housing, Culture and Sport of North Rhine-Westphalia, Düsseldorf,

Delegated by the **Regional Association of the Rhineland:**

Winfried Schittges, MdL, Chairman of the Regional Assembly of the Rhineland, Cologne, voting agent,

Delegated by the **Regional Association of Westphalia-Lippe:**

Dr. Wolfgang Kirsch, Chairman of the CDU Group of the Regional Assembly of Westphalia-Lippe, Warendorf, voting agent,

Delegated by the **Savings Banks and Giro Association of the Rhineland:**

Michael Kranz, Savings Bank Director, Chairman of the Managing Board of Sparkasse Bonn, Bonn,

Dr. Hans-Christian Vollert, District Administrator of the Viersen District, Viersen, voting agent,

Delegated by the **Savings Banks and Giro Association of Westphalia-Lippe:**

Dr. Norbert Emmerich, Savings Bank Director, Chairman of the Managing Board of Sparkasse Münsterland Ost, Münster,

Hans Pixa, District Administrator of the Coesfeld District, Coesfeld,

### **Permanent Representatives** of the Chairman and Deputy Chairmen of the **Guarantors' Meeting**

Maria Huesmann-Kaiser, Department Head, Ministry of Economics and Labour of North Rhine-Westphalia, Düsseldorf,

Gerhard Heilgenberg, Principal, Ministry of Finance of North Rhine-Westphalia, Düsseldorf,

Harry Voigtsberger, Regional Councillor, Regional Association of the Rhineland, Cologne,

Dr. Hans-Ulrich Predeick, Regional Councillor, Regional Association of Westphalia-Lippe, Münster,

Heinz Biesenbach, Association Director, Savings Banks and Giro Association of the Rhineland, Düsseldorf,

Dr. Klaus Wienberg, Association Director, Savings Banks and Giro Association of Westphalia-Lippe, Münster,

### **Supervisory Board**

The **Supervisory Board**, which supervises the activities of the Managing Board of NRW.BANK, is composed of:

- a) the Minister of Finance of North Rhine-Westphalia,
- b) the Minister of Economics and Small and Medium-Sized Businesses, Energy and Transport of North Rhine-Westphalia,
- c) the Director of the Regional Association of the Rhineland,
- d) the Director of the Regional Association of Westphalia-Lippe,
- e) the Association Director of the Savings Banks and Giro Association of the Rhineland,
- f) the Association Director of the Savings Banks and Giro Association of Westphalia-Lippe,
- g) 8 other members of the shareholders delegated by the guarantors in accordance with the respective shareholdings, with the members under a) to f) above not counting towards the total; accordingly, the State of North Rhine-Westphalia accounts for 4 of the 8 members, the Regional Associations for 1 member each and the Savings Banks and Giro Associations for 1 member each,
- h) 7 other members who represent the workforce, 2 of whom may not be employed by NRW.BANK. They are elected directly by the workforce.

The members under a) to f) above are the Chairperson and Deputy Chairpersons of the Guarantors' Meeting. With the exception of the Chairperson, they are entitled to be represented on the Supervisory Board by a permanent representative. They are also entitled to invite these representatives to attend the meetings.

The **Supervisory Board** currently has the following members:

Chairman

Harald Schartau, Minister, Ministry of Economics and Labour of North Rhine-Westphalia, Düsseldorf,

Deputy Chairmen

Jochen Dieckmann, MdL, Minister, Ministry of Finance of North Rhine-Westphalia, Düsseldorf,

Udo Molsberger, Regional Director, Regional Association of the Rhineland, Cologne,

Wolfgang Schäfer, Regional Director, Regional Association of Westphalia-Lippe, Münster,



Dr. Karlheinz Bentele, President, Savings Banks and Giro Association of the Rhineland, Düsseldorf,

Dr. Rolf Gerlach, President, Savings Banks and Giro Association of Westphalia-Lippe, Münster,

**Permanent Representatives** of the Chairman and Deputy Chairmen of the **Supervisory Board**

Maria Huesmann-Kaiser, Department Head, Ministry of Economics and Labour of North Rhine-Westphalia, Düsseldorf,

Gerhard Heiligenberg, Principal, Ministry of Finance of North Rhine-Westphalia, Düsseldorf,

Harry Voigtsberger, Regional Councillor, Regional Association of the Rhineland, Cologne,

Dr. Hans-Ulrich Predeick, Regional Councillor, Regional Association of Westphalia-Lippe, Münster,

Heinz Biesenbach, Association Director, Savings Banks and Giro Association of the Rhineland, Düsseldorf,

Dr. Klaus Wienberg, Association Director, Savings Banks and Giro Association of Westphalia-Lippe, Münster,

Representatives of the **guarantors** of NRW.BANK delegated by the **State of North Rhine-Westphalia**:

Walter Haas, Chairman, DGB Regional District NRW, Düsseldorf,

Dr. Helmut Linsen, MdL, First Vice President of the State Assembly of North Rhine-Westphalia, Düsseldorf,

Edgar Moron, MdL, Chairman of the SPD Parliamentary Group of North Rhine-Westphalia, Düsseldorf,

Dr. Michael Vesper, Minister of Urban Development and Housing, Culture and Sport of North Rhine-Westphalia, Düsseldorf,

Delegated by the **Regional Association of the Rhineland**:

Paul Heidrich, Chairman of the CDU Group of the Regional Assembly of the Rhineland, Mülheim an der Ruhr,

Delegated by the **Regional Association of Westphalia-Lippe**:

Dr. Berthold Tillmann, Lord Mayor of the City of Münster, Münster,

Delegated by the **Savings Banks and Giro Association of the Rhineland**:

Dieter Pützhofen, Lord Mayor of the City of Krefeld, Krefeld,

Delegated by the **Savings Banks and Giro Association of Westphalia-Lippe**:

Hans Pixa, District Administrator of the Coesfeld District, Coesfeld,

**Staff Representatives**

Martin Bösenberg, Bank officer, NRW.BANK, Münster,

Fred Eicke, Director, NRW.BANK, Düsseldorf,

Christian Gnegel, Bank officer, NRW.BANK, Münster,

Hannelore Heger-Golletz, NRW.BANK, Bank officer, Münster,

Franz-Georg Schröermeyer, Secretary, Financial Services ver.di Vereinte Dienstleistungsgewerkschaft, Münster Regional Office, Münster,

Christiane Stascheit, Deputy Director ver.di Vereinte Dienstleistungsgewerkschaft, Düsseldorf Regional Office, Düsseldorf,

Michael Tellmann, Bank officer, NRW.BANK, Düsseldorf.

Whenever matters of Wfa are addressed, the Minister of Urban Development and Housing, Culture and Sport shall attend the Supervisory Board meetings.

The members of the Guarantors' Meeting and the members of the Supervisory Board and its committees shall receive a compensation whose amount is fixed by the Guarantors' Meeting.

The **Executive Committee**, which has nine members, is composed of the members of the Supervisory Board under a) to f) above and of three members elected from among the employee representatives. The Chairperson of the Supervisory Board also chairs the Executive Committee. The Executive Committee prepares the meetings of the Supervisory Board and takes decisions on the tasks assigned by the Supervisory Board.

Pursuant to the statutes, the Supervisory Board may establish a **Credit Committee** and an **Audit Committee**, whose members shall be appointed from among the Supervisory Board members under a) to g) above. The Supervisory Board may also establish **other committees**, whose members shall also be appointed from among its members. At present, a Construction Committee exists.

The **Housing Promotion Committee**, which has 20 members, is composed of the Minister of Urban Development and Housing, Culture and Sport (Chairperson), 1 representative each of the Ministry of Finance, the Ministry of Economics and Small and Medium-Sized Businesses, Energy and Transport and the Ministry of Women, Youth, Family and Health, 9 members of the State Parliament, 2 representatives of the housing sector, 1 representative each of the "kreisfreie Städte", the "Kreise", the "kreisangehörige Städte", the other "kreisangehörige Gemeinden" and a representative of the tenants. The Housing Promotion Committee supervises the management of Wfa.

The Supervisory Board may establish **Advisory Boards** to provide expert advice on the bank's business activities and promote the relationships with the corporate sector, the public sector and the banking sector.

## Managing Board

The **Managing Board**, whose members are appointed by the Supervisory Board, manages the business activities of NRW.BANK.

The Managing Board is currently composed of the following:

Dr. Bernd Lüthje, Chairman,

Ernst Gerlach

Dr. Ulrich Schröder,

The Managing Board represents NRW.BANK both judicially and extrajudicially.

The members of the Managing Board can be reached at the address of NRW.BANK.

## Annual Accounts and Annual Report

The fiscal year is identical with the calendar year. NRW.BANK prepares an Annual Report each year. A separate Annual Report is prepared for Wfa, which describes the course of business and the situation of Wfa and explains Wfa's Annual Accounts.

## **Announcements**

Announcements by NRW.BANK are published in the Federal Gazette; announcements by Wfa are published in the Ministerial Gazette for the State of North Rhine-Westphalia.

## **Employees**

As at 31st December, 2003, NRW.BANK employed 862 people.

## **Auditors**

PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Moskauer Str. 19, 40227 Düsseldorf, were appointed auditors for NRW.BANK's financial statements for 2002 and 2003, while Deutsche Baurevision AG was appointed auditor of Wfa's financial statements for 2002 and 2003. The above auditors issued unqualified audit certificates in respect of each of NRW.BANK and Wfa for each of the fiscal years 2002 and 2003.

# NRW.BANK Group Audited Consolidated Financial Statements for 2003

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## **Landesbank NRW Group Management Report**

**at December 31, 2003**

(NRW.BANK Group as of March 31, 2004)

The Landesbank Nordrhein-Westfalen Group consists of two main segments, Landesbank NRW sub-group and WestLB AG sub-group. The former Westdeutsche Landesbank Girozentrale (WestLB GZ) was divided into Landesbank NRW and WestLB AG in order to establish a rigorous separation between operations in economic development and operations in the competitive sector. This separation is reflected in the following discussion of business developments.

The financial statements for the Landesbank NRW sub-group include not only Landesbank NRW itself, but Nordwestlotto in NRW GmbH, Westdeutsche Lotterie GmbH & Co. OHG, Westdeutsche Spielbanken GmbH & Co. KG, and Westdeutsche Spielcasino Service GmbH. The WestLB AG sub-group comprises WestLB AG and its first and second-tier subsidiaries. The Landesbank NRW Group's business operations are dominated by the WestLB AG sub-group, which holds approximately 75% of total pre-consolidation assets. Within the WestLB AG sub-group, 85% of consolidated balance sheet total are held by WestLB AG, and 15% are held by the subsidiaries included in the sub-group's consolidated financial statements.

### **Legal Environment**

Landesbank NRW handles all duties the Group performs for the public sector; these were transferred to it when the former WestLB GZ was divided up. Landesbank NRW's guarantors are the former owners of WestLB GZ: the State of North Rhine-Westphalia (43.2%), the Savings Banks and Giro Associations of the Rhineland and of Westphalia-Lippe (16.7% each) and the Regional Associations of the Rhineland and Westphalia-Lippe (11.7% each). Landesbank NRW has its registered offices in Düsseldorf and Münster, and is the sole owner of WestLB AG.

In order to be able to invest directly in WestLB AG, Landesbank NRW's guarantors reached an agreement on a direct investment option that was also incorporated into the Bank Redefining Act (*Neuregelungsgesetz*). Under this option, the Savings Banks and Giro Associations, as well as the Regional Associations, have the right to withdraw as Landesbank NRW guarantors by transferring their

rights and obligations to Landesbank NRW. Guarantors who exercise their option will receive a stake in the equity capital of WestLB AG equivalent to the value of their guarantorship in Landesbank NRW. If all guarantors exercise their options, Landesbank NRW's stake in WestLB AG would be reduced concomitantly to 50.002%. In an effort to set forth the specific details of this statutory provision, the guarantors entered into an agreement among themselves on December 12, 2001 which stipulates the terms and conditions of the change in their participations. This agreement became part of a framework agreement executed between the guarantors and Landesbank NRW on December 11, 2002. If the options are exercised in full, the state of North Rhine-Westphalia will be the sole owner of Landesbank NRW. To date, one guarantor has exercised its option, with effect as of June 30, 2004.

On March 31, 2004, when the "Act to Restructure Landesbank NRW as the Economic Development Bank of the State of North Rhine-Westphalia, and to Amend other Laws" (the "Restructuring Act," or *Umstrukturierungsgesetz*) took effect, Landesbank NRW became NRW.BANK. The Act gives NRW.BANK the legal status of an infrastructure and economic development bank that does not engage in competition. It is to work through borrower's banks, and retains institutional and guarantor liability under what is known as "Understanding II" of March 1, 2002, between the Federal Republic of Germany and the European Commission. It also holds an explicit refinancing guarantee under Section 4 (3) of the new Act.

### **EU Proceedings**

The more recent history of the former WestLB GZ was characterised by challenges posed by the market, but also by questions that concerned the integration of the Wohnungsbauförderungsanstalt (Wfa) and two long-established liability mechanisms: institutional and guarantor liability. This process had no direct impact on the Landesbank NRW sub-group. In 1992 the State of North Rhine-Westphalia integrated the Wfa into WestLB GZ as a contribution in kind, bringing WestLB some € 2 billion in additional liable capital. This capital was a key factor in WestLB GZ's growth and the long-term increase in its value during the nineties. The Federal Banking Supervisory Office and the Directorate-General of the European Commission responsible for banks expressly approved the recognition of Wfa's assets as liable equity. Later, some of the other German states took similar measures for their Landesbanken.

In 1994 Germany's Federal Association of Private Banks filed a complaint with the European Commission, challenging the amount of consideration furnished for Wfa's capital. This complaint led to a 1999 decision by the Commission that the integration of Wfa was to be regarded as impermissible government aid. The sole basis of the Commission's decision was that the consideration furnished for the Wfa integration was supposedly too low.

The German Federal Government, the State of North Rhine-Westphalia, and WestLB GZ filed appeals against the Commission's decision in the European Courts, arguing – with support from a number of opinions and analyses from experts in economics and tax matters – that the decision was misguided not only from a business standpoint but from the standpoint of legal form and the laws on state aid.

Nevertheless, regardless of the appeals pending before the European Courts, the Bank had no choice under European law but to implement the Commission's decision for the time being. It did so by allocating an additional portion of its appreciated value since the Wfa integration to the State of North Rhine-Westphalia. The EU Commission found this form of implementation unacceptable, and filed suit against the Federal Republic of Germany in the European Court of Justice, alleging Germany's "incorrect transposition into national law" of an EU decision.

The European Court of Justice handed down its decision in this case on December 12, 2002. Technically, the Federal Republic of Germany did not prevail. But the Court also ruled that a transposition involving no cash was fundamentally compatible with European law. On this key point – that non-cash solutions were permissible – the Court agreed with WestLB.

In a decision of March 6, 2003, the European Court of First Instance ruled on the crux of the controversy surrounding the Wfa integration, namely whether the contribution of Wfa's capital and the consideration furnished for that contribution should be regarded as impermissible state aid.

Here, the Court ruled that the European Commission's 1999 decision was invalid, because the Commission did not furnish the mandatory sufficient reasons

with respect to either the 12% base rate of return or the 1.5% risk premium it alleged should have been the basis for the consideration. Since both of these parameters were of paramount importance to the economic analysis underlying the Commission's approach, the Court was unable to reach any final judgment as to whether the Wfa consideration demanded by the Commission was fair or not.

But the Court also made it clear that it would not substitute its own economic analysis for the Commission's, and thus afforded the Commission considerable leeway in the economic aspects of the matter at hand, which were thus placed outside the Court's purview. Since its original decision was overturned, the European Commission is likely to follow the standard procedure in such cases and issue a new decision.

### **Future of Institutional and Guarantor Liability**

Quite apart from the two proceedings described above, the European Banking Association filed its own complaint with the European Commission, with the aim of getting institutional liability and guarantor liability for public-law banks recognised as state aid, which would thus be at odds with European competition law. The Commission agreed with this position, and demanded that the Federal Republic of Germany eliminate these liability mechanisms.

The parent-subsidiary model developed by WestLB GZ in the fall of 2001 took account of what is known as "Understanding I," reached between the Federal Republic of Germany and the European Commission on July 17, 2001. That understanding covers the gradual elimination of institutional and guarantor liability for German public-sector banks that engage in competitive business.

Understanding I stipulates that banks can still be structured as public-law banks. But institutional and guarantor liability will be eliminated after a transition period that ends on July 18, 2005. Liability structures will be altered so as to be more akin to the relationship between a private shareholder and a corporation organised under private law. The guarantors of public-law banks will of course retain the right to provide their institutions with capital, but they will have to do so under prevailing market terms in order to comply with European aid law.



The rules and transitional periods set forth in Understanding I with the Commission are as follows:

All liabilities incurred by July 18, 2001, remain fully covered by institutional and guarantor liability until the time they mature. For creditors of banks that were supported by institutional and guarantor liability, this means that there will be no changes for liabilities assumed before July 18, 2001 (i.e., these claims are grandfathered in). Institutional liability and guarantor liability will remain in effect in their present form during the transitional period from July 19, 2001, through July 18, 2005. Any liabilities incurred during this transitional period are completely covered by guarantor liability so long as they mature no later than December 31, 2015.

Up until the time that all such liability items have matured, the guarantors will completely satisfy the obligations arising from their guarantor liability, as soon as they have properly determined and set forth in writing that the creditors of such liabilities cannot be satisfied from the respective institution's assets. This arrangement explicitly includes the possibility of servicing debts precisely at the same time they fall due. The giving of a notice as normally required under aid law will not be necessary. The mandatory rules and regulations have been established in the applicable state laws.

Because of the timing of the process for developing the parent-subsidary structure, originally Landesbank NRW and WestLB AG were both subject to Understanding I. But in a later agreement from March 1, 2002 – the “Understanding II” already mentioned above – the European Commission established rules for legally independent banks that do not engage in competition and whose business focuses on the infrastructure and economic development. The traditional liability mechanisms of institutional and guarantor liability remain in place for these banks. The advantages the banks reap from these guarantees must be used solely for defined developmental missions. Landesbank NRW (since March 31, 2004, NRW.BANK) has a business orientation as an infrastructure and economic development bank. Thus it comes under Understanding II, and will continue to benefit from institutional and guarantor liability beyond July 18, 2005. By contrast, the WestLB AG sub-group is a competitively oriented bank, and comes under Understanding I. It will become ineligible for both liability mechanisms as of July 18, 2005. Understanding II requires NRW.BANK to shed the

competitive operations transferred to it in the split-up of WestLB GZ, no later than July 18, 2005. Private real-estate financing is the main area concerned, with total business of around € 2 billion. Moreover, NRW.BANK will no longer be able to issue mortgage Pfandbriefe. The Bank is reviewing whether any other operations must be terminated or spun off, and if so to what extent.

### **Economic Climate**

Well into spring 2003, the conflict in Iraq and the impending war caused crude oil prices to rise steeply. These price increases were compounded by a further prolongation and aggravation of the bear market, putting severe burdens on the world economy. Additionally, SARS posed a particularly serious impediment to economic activity in Southeast Asia. Given the fragile economic picture and decelerating inflation, financial markets increasingly turned their attention to the possibility of deflation. Central banks responded by cutting interest rates further, and returns in the capital markets dropped to historic lows – though only briefly.

As the war in Iraq came to a quick military close and SARS was brought under control, the economic climate improved appreciably around the world. Investors abandoned their wait-and-see attitude, consumers and businesses caught up on expenditures they had postponed, and the stock markets briskly pulled out of the longest and lowest slump in post-war history. The United States again led the global upswing. Driven by a combination of exceptionally expansive monetary and fiscal policies, demand and production grew vigorously, so that the average annual growth of US gross domestic product – despite a slack performance in the first months of the year – climbed to 3.1%, 0.9 percentage points above the year before.

In Southeast Asia, the economy picked up substantial momentum after SARS was brought under control. China established itself as the region's centre for growth. Forces for growth gained the upper hand even in deflation-plagued Japan.

Despite increasing signs of impending improvement during the year, economic conditions in Germany were generally sluggish. Real gross domestic product (GDP) decreased for the first time since 1993 – albeit only slightly, by 0.1%. Unemployment gained 0.7 percentage points, to average 10.5% for the year. To

a large degree, the situation was caused by adverse conditions for foreign trade: both anxieties about the war in Iraq and the rising euro slowed trade with other countries. Nor did domestic demand furnish any new impetus for the economy. Disposable income rose only slightly, while German households remained intent on saving, not least of all because of nagging doubts about the future of the country's social insurance systems. Business's expectations were also gloomy, and capital expenditures receded further.

Beginning in mid-2003 – for the first time in three years – there were increasing signs of a revival in economic activity. The foreign-trade crises of the first half were past, exports accelerated – especially thanks to strong demand from the US – and business confidence indicators began trending upward. The financial markets saw a recovery as well. Stock indexes rose. Monetary policy remained on an expansive footing, supporting the recovery process.

#### *Economic Development in North Rhine-Westphalia*

North Rhine-Westphalia, the largest federal state in Germany, went through comparable changes. According to preliminary reports from the State Office for Data Processing and Statistics, real GDP dropped 0.4%. Downturns in manufacturing, in construction, and in mining and quarrying were responsible for the state's persistent economic slump. Power and water utilities countered by growing in real terms. The service sector had a stabilising effect.

Employment was also down in the state, by 1.1%, to approximately 8.2 million individuals. Most of the decline was in manufacturing. Nor was the service sector able to maintain its uptrend from previous years. This, the state's strongest economic sector in terms of numbers of individuals, held steady at the previous year's level, with 5.9 million people employed. Unemployment in the state was up an average of 0.8 percentage points for the year, to 10%.

#### *Capital Markets*

The capital markets saw high volatility and substantially narrower credit spreads during the year, a reflection of extensive uncertainty about the market. This was one of the main reasons why investor demand for public-sector Pfandbriefe was strong, since they offer such high levels of security. Demand was further supported by attractive yields, higher than those for government bonds. But the consequence was that the interest premium on Pfandbriefe shrank substantially

compared to swaps and government bonds – likewise as a result of strong demand.

### **Business Review**

For Landesbank NRW as a single entity, fiscal 2003 was again dominated by the process of becoming established. The Bank pushed ahead with its technical and organisational build-up. At the same time, it had to make the necessary preparations to position itself strategically as an infrastructure and economic development bank within the terms of Understanding II. Despite these challenges, Landesbank NRW as a single entity boosted its operating income before risk provisions by about one-fifth, to € 199.2 million. After WestLB AG's 2002 loss, it became apparent during the course of the year that this entity would also close out 2003 with another loss, prompting Landesbank NRW management to engage BDO Deutsche Warentreuhand Aktiengesellschaft – as an impartial auditor – to appraise the value of Landesbank NRW's holding in WestLB AG as of December 31, 2003. The appraisal was produced in accordance with Position Paper RS HFA 10 from the Institute of German Auditors (the IWD), on "Valuation of equity interests for purposes of annual financial statements under the German Commercial Code." The examiners found that the interest had a value of € 3.4 billion as of December 31, 2003, compared to the carrying value of € 5.2 billion on December 31, 2002. It thus became necessary to write down the carrying value of WestLB AG. Consequently, Landesbank NRW showed no distributable net income for the year under report.

Landesbank NRW's development loans for publicly funded housing and the Wohnungsbauförderungsanstalt NRW (Wfa) totalled € 20.7 billion in fiscal 2003. Assistance focused on financial support for building and buying owner-occupied housing. Loans in this sector reached levels that had not been seen since the mid-1980s, as the debate about changing the homeowner's tax subsidy led many households to act early so as to make sure they would still be able to receive the old subsidy levels. During the year, the INVESTITIONS-BANK NRW (IB) business unit did € 3.1 billion in new business in economic development, a 9% gain from the 2002 figure. New transactions were particularly dynamic in federal support for homeownership, which is managed through IB. IB's total development loan portfolio grew to € 17.6 billion.

Under its refinancing activities, Landesbank NRW's issues in 2003 totalled € 32.0 billion. Redemptions came to € 21.8 billion. Of the new issues, 60% were public-sector Pfandbriefe. These included four jumbo bonds (Jumbopfandbriefe) with a combined volume of € 4.5 billion. One-quarter of the issued securities were borrower's note loans. The Bank also operated in the foreign-exchange market, and sold some structured issues to investors as private placements. The aggregate total for outstanding securities was € 68.8 billion, a 10.0% gain from the previous year's figure.

The WestLB AG sub-group is of crucial importance to the business performance of the Landesbank NRW Group, in terms of both volume and operating earnings. Major business developments in the WestLB AG sub-group are summarised below. Detailed information is available from the WestLB AG Group Annual Report.

The primary focus for the year at the WestLB AG sub-group was on cost management, risk adjustment and initial work on a strategic reorientation. In 2004, WestLB AG intends to adopt a new business model that will centre on a close-knit business and liability alliance with the savings banks. This model will also make it possible to expand business with medium-sized enterprises and financial institutions. Through its reorientation, the WestLB AG sub-group aims to lay a foundation on which it can operate successfully in the market even after institutional and guarantor liability are eliminated in July 2005.

Apart from reorienting its business strategy, WestLB AG is also planning to strengthen its capital base and cut its costs still further. In addition to other savings in operating and personnel expenses, the WestLB AG sub-group's staff is to be cut to 6,200 employees by the end of 2005. The sub-group's work force had dropped from 9,910 to 7,738 by the end of the year under review, already saving € 445.6 million in costs during 2003. Combined with the previous year's efforts, the reduction in the cost base already totals € 785.6 million. The new business model also calls for an expanded placement of risk assets on the market, for example through certification and syndication, or by reviewing equity holdings that are not part of the core business. Active risk management is intended to improve the core capital ratio.

The branch network of the WestLB AG sub-group remained under close scrutiny in 2003. Offices in Bangkok, Jakarta, Mumbai and Taipei were shut down during the year. One result of the reorganisation of South American business was to deconsolidate the Banque Européenne pour l'Amérique Latine (BEAL) and re-name it Compagnie Belge de la WestLB (CBW) S.A., which will now concentrate on closing out its portfolio of outstanding receivables. When BEAL's business operations were shut down, remaining receivables of approximately € 1 billion were transferred to the WestLB AG branch in New York, as trustee. WestLB Europa Holding AG and WestLB AG have issued a Letter of Guarantee assuming the risks from BEAL's operations.

Last year the WestLB AG sub-group took over stakes in Westdeutsche ImmobilienBank (WIB), of Mainz, from Landesbank Baden-Württemberg and Landesbank Rheinland-Pfalz, so that WIB is now a wholly-owned subsidiary of WestLB AG. During the process, operations in real-estate financing that until then had still been a part of WestLB AG were transferred to WIB.

WestLB AG has restructured its stock operations. Stock operations have been pooled in two independent units, one for transactions with large European corporations and medium-sized German businesses, and one for Mergers & Acquisitions. The main assets of WestLB Panmure Ltd., of London – which had handled the WestLB AG sub-group's investment banking business – were sold at the beginning of 2004, and the company was renamed. The Global Asset Management unit, still handicapped by adverse market conditions, showed a loss. The unfavourable market also affected new business in the Special Finance unit, particularly in financing for aircraft and projects. Here WestLB focused mainly on risk management. The risk provisions in the amount of € 317,5 million have been set up for Boullioun sub-group. Albeit this segment will keep its strategic priority. The segment also began refocusing on sectors of competence in 2003.

WestLB AG intensified its cooperation with savings banks during the year under review, particularly in the refinancing business. An important role here belongs to WestLB Covered Bond Bank, in Dublin, which specialises in Irish Covered Bond issues. WestLB AG has also set up "savings bank desks" in all relevant business units so that it can respond as needed to the requirements of the savings bank business.

## **Personnel**

### *Landesbank NRW Sub-Group*

Ever-expanding regulatory requirements and the increasing complexity of banking products make ongoing staff training and continuing education a must. For that reason, Landesbank NRW sets a particularly high priority on encouraging its employees' development, both personally and professionally. It offers a wide range of seminars, tailored to specific needs, along with programmes to earn advanced professional qualifications. The next generation of management is systematically assigned to gradually take over their future duties at the Bank. The Bank's first crop of seven vocational trainees began their course of studies on September 1, 2003. The Bank also offers a special trainee programme for university graduates, to acquaint them with the various operations and processes of a bank.

### *WestLB AG Sub-Group*

As part of the Bank's restructuring to safeguard its future, WestLB AG is holding firm to cutting back the work force of the WestLB AG Group. At the end of the year, the sub-group had 7,738 employees. Further jobs have been cut by paring back staff at offices in Germany and abroad, and by concentrating certain operations at single locations. WestLB AG is applying innovative tools to make the necessary cuts, so that it will also be able to reduce staff in the future in a socially responsible way.

Despite current staff cutbacks, WestLB AG must still hire new employees. Vocational training programmes are a particularly important way of recruiting the next generation of Bank employees. WestLB AG had 189 vocational trainees in the year under review.

## **Revenues**

For the year under review, the Landesbank NRW Group had operating income of € 669.5 million before risk provisions and revaluation adjustments – a substantial gain of 16.9% over the previous year. But the WestLB AG sub-group pulled down operating results significantly, mainly because of a risk expense in the lending and equity investments business. On balance, the Landesbank NRW Group showed a pre-tax net loss of € 1,758.2 million for the year.

Income for the Landesbank NRW Group breaks down as follows as of December 31, 2003:

€ millions	2002	2003	Change in € millions	Change in %
Net interest income	1,848.1	2,248.6	400.5	21.7
Net commission income	692.9	438.8	-254.1	-36.7
Net income from trading operations	177.4	1.4	-176.0	-99.2
Other operating expenses / income	402.2	61.4	-340.8	-84.7
Administrative expenses	-2,547.8	-2,080.7	-467.1	-18.3
<i>Personnel expenses</i>	-1,391.0	-1,129.4	-261.6	-18.8
<i>Operating expenditure</i>	-1,156.8	-951.3	-205.5	-17.8
Operating income before risk provisions / revaluation adjustments	572.8	669.5	96.7	16.9
Risk provisions / revaluation adjustments	-1,591.9	-2,030.6	438.7	27.6
Operating income after risk provisions / revaluation adjustments	-1,019.1	-1,361.1	-342.0	-33.6
Extraordinary income / expense	-80.7	-397.1	-316.4	>-100
Net income for the year before taxes	-1,099.8	-1,758.2	-658.4	-59.9
Taxes on income and revenues	69.4	81.1	11.7	16.9
Net income for the year after taxes	-1,169.2	-1,839.3	-670.1	-57.3

### *Net Interest Income*

Net interest income performed well during the year under review, gaining € 21.7% to reach € 2,248.6 million. The growth is largely the product of strong earnings in the WestLB AG sub-group's money-market and securities trading operations.

The Landesbank NRW sub-group also contributed to the gain in interest income, with double-digit growth rates.

### *Net Commission Income*

Net commission income was € 438.8 million, up 36.7% from the year before. The improvement is largely the consequence of selective lending by the WestLB AG sub-group, particularly in structured products.

Although remaining at a low level, the Landesbank NRW sub-group's net commission income also grew substantially.

### *Net Income from Trading Operations*

The net income from trading operations, amounting to € 1.4 million (2002: € 177.4 million) was generated entirely by the WestLB AG sub-group. This item includes the negative net result from sales and revaluations of interest-rate products, which was closely associated with the rise in net interest income, as



substantial portions of the earnings from money-market and securities trading operations are reported under net interest income. In operating terms, net income from interest-rate trading and trading in stocks and derivatives was considerably higher than the figure that results from the application of German Commercial Code (HGB) reporting principles.

As a bank that is legally barred from such activities, the Landesbank NRW generates no income on trading operations.

#### *Other Operating Income*

Other operating income came to € 61.4 million, a substantial drop from 2002. This figure includes income from leasing operations, which derives largely from the Boullioun Aviation Services sub-group. The deterioration in other operating income against 2002 is mainly the consequence of an extraordinary write-down on the airplane leasing assets of Boullioun Aviation Services Inc., of Bellevue, Washington, USA.

#### *Administrative Expenses*

The cost-cutting programmes inaugurated in previous years, especially in the WestLB AG sub-group, were maintained during the year under review. The Landesbank NRW Group cut administrative expenses 18.3% in 2003, to € 2,080.7 million.

Personnel expenses were cut 18.8%, to € 1,129.4 million. The most important contribution here came from the planned staff cutbacks in the WestLB AG sub-group. At December 31, 2003, the Landesbank NRW Group had 9,704 employees (2002: 11,750), of whom 7,738 worked for the WestLB AG sub-group (2002: 9,910). Total expenses for wages and salaries came to € 853.3 million (2002: € 990.9 million). Social security contributions and expenses for pensions and other employee benefits came to € 267.6 million (2002: € 400.1 million). The decrease resulted from lower requirements for allocations to reserves for pensions and other benefits.

The operating expenditure was € 951.3 million, down 17.8% from the year before. This figure reflects contrary influences. Costs were down, primarily thanks to the unification and harmonization of the IT infrastructure within the WestLB

AG sub-group. Yet expenses for required major projects (e.g., Basel II / MAK, IAS / IFRS) were up.

#### *Risk Provisions / Revaluation Adjustments*

	2002	2003	Change in € millions
Adjustment on lending operations	-1,790.1	-1,303.2	486.9
Adjustment on equity investments	467.4	-628.1	-1,095.5
Adjustment on securities	-269.2	-64.3	204.9
Fund for general banking risks	0	-35.0	-35.0
<b>Total</b>	<b>-1,591.9</b>	<b>-2,030.6</b>	<b>-438.7</b>

Risk provisions and revaluation adjustments as of the end of the year were € -2,030.6 million. The Landesbank NRW Group formed individual and global allowances adequate to cover all discernible and latent risks.

Allocations to risk provisions for the lending business were € 1,303.2 million, down € 486.9 million from the year before. The size of this net allocation was significantly influenced by portfolio adjustments in the WestLB AG sub-group's lending business. Both the weak economy and cases of fraud were to blame here. All recognisable risks were fully covered.

The risk adjustment on equity investments was dominated by larger requirements for write-downs on equity investments of the WestLB AG sub-group. This adjustment came to € -628.1 million (2002: € 467.4 million). Listed companies were written down to fair value, and the carrying values of unlisted companies were reviewed.

The revaluation adjustment on securities came to € -64.3 million (2002: € -269.2 million). The primary factor for the WestLB AG sub-group here was write-downs on North American bonds and German stocks held in the investment portfolio. In the amount of € 93 million inter-group results in the securities business have been eliminated.

The fund for general banking risks was endowed with € 35 million provided by the Landesbank NRW sub-group.

### *Extraordinary Income / Expense*

The net extraordinary expense was mainly affected by organisational and staff restructuring measures within the WestLB AG sub-group, and came to € –397.1 million). This figure includes restructuring measures for the Wfa within the Landesbank NRW sub-group, and also substantial but one-time restructuring expenses in the WestLB AG sub-group, incurred in conjunction with revisions of the organisational structure. It also includes the last instalment payment received from the sale of WestLB AG's Private Banking business.

### *Operating Income*

Higher operating income at both the Landesbank NRW and WestLB AG sub-group is also reflected in the Landesbank NRW Group's operating income before risk provisions and revaluation adjustments. The figure came to € 669.5 million, 16.9% above the 2002 level. All the same, after risk provisions and adjustments there was an operating loss of € –1,361.1 million, because of the adjustments required for the WestLB AG sub-group's Lending and Equity Investments operations. The net loss for the year after income taxes thus comes to € 1,839.3 million (2002: € –1,169.2 million).

### **Volume**

The Landesbank NRW Group's total assets declined 0.1%, to € 345.3 billion. Total lendings, broadly defined, were down 5.1% to € 394.7 billion, particularly as a consequence of portfolio adjustments in the WestLB AG sub-group. By contrast, total assets for Landesbank NRW as a single entity grew 3.4% to € 105.0 billion, and its total lendings grew 6.7% to € 100.4 billion. The Landesbank NRW Group's credit-risk equivalents as defined under regulatory requirements came to € 14.2 billion (2002: € 16.0 billion).

	12/31/2002	12/31/2003	Change in € millions	Change in %
Receivable from banks	101,178.0	95,612.0	-5,566.1	-5.5
Receivable from customers	116,063.2	113,083.4	-2,979.8	-2.6
Contingent liabilities	18,013.1	15,351.8	-2,661.3	-14.8
Irrevocable loan commitments	80,045.6	67,216.2	-12,829.4	-16.0
<b>Total lendings, narrowly defined</b>	<b>315,299.9</b>	<b>291,263.4</b>	<b>-24,036.5</b>	<b>-7.6</b>
Amounts for derivatives (credit risk equivalents; Kreditrisikoäquivalente)	16,044.0	14,249.0	-1,795.0	-11.2
Notes and other fixed-income securities	91,104.5	93,658.7	2,554.2	2.8
Equity investments	4,429.4	3,635.8	-793.7	-17.9
Other assets	5,287.8	6,148.8	861.0	16.3
<b>Total lendings, broadly defined</b>	<b>416,121.6</b>	<b>394,706.7</b>	<b>-21,414.9</b>	<b>-5.1</b>

The WestLB AG sub-group dominates movements in the Landesbank NRW Group's total lendings. During the year WestLB AG began a comprehensive restructuring of its lending portfolio. This review also included reducing individual-loan and sector risks by means of syndications or placements in the secondary market, particularly for foreign exposures. The lacklustre economy was also reflected as a reduction in business with corporate customers in Germany, and sluggish new business outside Germany. On balance, receivables from banks were down 5.5% to € 95.6 billion, and receivables from customers were down 2.6% to € 113.1 billion.

#### *Securities*

The total portfolio of notes and other fixed-income securities grew slightly, by 2.8%, to € 93.7 billion. This figure includes bonds and notes, which rose 4.2% to € 90.1 billion. Money-market instruments were reduced 7.5% against 2002, to € 1.8 billion. Bonds issued by the Bank and held for market support were down 23.3%, to € 1.7 billion.

Contrary to developments for the Landesbank NRW Group as a whole, notes and other fixed-income securities were up sharply by nearly a third for Landesbank NRW as a single entity, to € 30.4 billion.

Of the total portfolio of notes and other fixed-income securities, € 63.6 billion was held as fixed assets (+ 22.9%) . Securities in the liquidity reserve were down sharply, 38.6%, to € 1.9 billion. Another € 28.1 billion was held in the trading portfolio, which was down 22.0% from 2002.

#### *Equity Investments in Affiliated and Non-Affiliated Companies*

The carrying value of equity investments in non-affiliated companies was down 17.9% to € 3.6 billion. The carrying value for holdings in affiliated companies was also down appreciably, by 26.9%, to € 1.4 billion.

#### *Deposits*

Deposits dropped slightly against 2002, by 1.8%, to € 210.1 billion. This decline was a consequence of the substantial reduction in liabilities to banks, by 7.9%, to € 127.6 billion. Liabilities to customers, on the other hand, grew 9.6% to € 82.5 billion.

#### *Certificated Liabilities*

Refinancing via certificated liabilities expanded slightly against 2002, by 2.8%, to € 104.2 billion. The percentage of bonds and notes issued by the Bank increased substantially here; they now account for more than two-thirds of certificated liabilities. Bonds and notes issued by the Bank grew one-fifth, to € 69.2 billion. This gain occurred mainly in public-sector bonds and notes included among the bonds and notes issued by the Bank; these increased 9.1%, to € 46.5 billion. Deposit banking in public-sector bonds and notes is conducted solely by the Landesbank NRW sub-group. With total issues of more than € 20 billion in covered instruments, Landesbank NRW is a leading participant in the international Pfandbrief market.

Money-market instruments were pared back sharply, by 38.9%, to € 26.2 billion.

Both the WestLB AG and Landesbank NRW sub-groups are important players in the German and international bond markets. The WestLB AG sub-group successfully placed benchmark bonds once again in 2003, with maturities of 5 and

10 years. It also solidified its position in the structured segment, bringing out a large number of issues in a variety of currencies. The Landesbank NRW sub-group also issued its first bonds denominated in foreign currencies in 2003.

### *Capital and Reserves*

The Landesbank NRW Group's subscribed capital as of the reporting date was € 500 million and capital reserves amounted to € 4,416.6 million (2002: € 6,212.1 million). The change in consolidation excess from € -176.7 million to € -1,424.8 million is primarily the consequence several factors: the merger of Hamburgische Landesbank and Landesbank Schleswig-Holstein to form HSH Nordbank AG, and the consequent deconsolidation and transitional consolidation effects within the WestLB AG sub-group; changes in valuation within the Landesbank NRW Group; and the capital loss at WestLB AG. On-balance-sheet equity was increased in particular by WestLB AG's receipt of undisclosed capital contributions from Landesbank NRW's guarantors. Including retained earnings reserves, which remained at € 2.4 million, the Group thus has on-balance-sheet equity capital of € 5,206.4 million (2002: € 6,540.1 million). The fund for general banking risks was endowed with € 35 million, and came to € 295.9 million at year-end.

The Landesbank NRW Group's Principle I ratio was 12.7% at year-end. The core capital ratio was 8.6%.

### **Risk Report**

There is a strict organisational separation between the two main segments of Landesbank NRW Group: the development business and the commercial business. This separation also shapes the structure of risk management. Whereas the risks associated with the non-competitive development business are managed by the Landesbank NRW sub-group, those associated with the commercial business are managed exclusively by the private-law WestLB AG sub-group. This distinction is an integral part of the risk assessment for the entire Bank.

Landesbank NRW is active in the structural policy field. On behalf of its owners, it performs state and municipal banking functions in North Rhine-Westphalia. Thus, its business focuses in large measure on regional activities, and its portfolio chiefly consists of long-term investments with little counterparty default risk.

WestLB AG carries on the competitive business of the former Westdeutsche Landesbank Girozentrale. Its business is international in scope and focuses on its strengths as a European wholesale bank for companies, banks and institutional clients. In terms of risk assessment, this requires that market price, counterparty default and country risks receive detailed attention.

It is the responsibility of Landesbank NRW, as the superordinated enterprise, to meet the Group reporting requirements for banking regulatory purposes under Section 10a (rules on own funds) and Section 13b (rules on large exposures) of the German Banking Act (KWG). With respect to the consolidated annual accounts, uniform accounting and valuation principles apply to all Group companies.

The Landesbank NRW sub-group comprises the following companies consolidated in accordance with the German Commercial Code (HGB):

- Landesbank NRW Düsseldorf and Münster (parent company within the meaning of Section 290 of the German Commercial Code (HGB); superordinated enterprise within the meaning of Section 25a (1) of the German Banking Act (KWG))
- Nordwestlotto in NRW GmbH, Münster
- Westdeutsche Lotterie GmbH & Co. OHG, Münster
- Westdeutsche Spielbanken GmbH, Münster
- Westdeutsche Spielbanken GmbH & Co. KG, Münster
- Westdeutsche Spielcasino Service GmbH, Münster

The individual companies of the WestLB AG sub-group are itemised in WestLB AG's list of holdings pursuant to Section 313 (4) of the German Commercial Code (HGB).

WestLB AG by itself is a trading book institution, but Landesbank NRW by itself is a non-trading book institution.

#### *Landesbank NRW Group's Risks from Banking Operations*

Landesbank NRW defines risk in accordance with the sector-specific standards Nos. 5-10 of the German Accounting Standards Committee. It distinguishes among the following categories of risk in its analyses and processes:

- counterparty default risk (including country risk)
- market price risk
- liquidity risk
- participation risk
- operational/other risk

Counterparty default risk refers to the threat of loss or lower profits due to default by a counterparty. Market price risk refers to the risk of unfavourable moves in the value of the Bank's portfolio caused by price-determining market parameters like interest rates, index performance, exchange rates, share prices, and so on. Liquidity risk refers to the risk that a shortage of liquid funds or market disruptions might render Landesbank NRW unable to meet its payment obligations on time, or allow it to meet them only by incurring a loss. Participation risk is the risk that losses may result from making equity available to third parties. In accordance with the now generally accepted definition from the Basle Committee on Banking Supervision, Landesbank NRW defines its operational risk as "the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events."

#### *Risk Management in the Landesbank NRW Sub-Group*

Assuming risks is a natural part of the banking business. Managing these risks adequately is crucial to a bank's business success. For that reason, Landesbank NRW systematically refined and expanded its risk management and risk controlling again in 2003. In the lending business, it refined its use of rating systems with an eye to the changes resulting from the Minimum Requirements for the Lending Activities of Banks (MaK) and the new capital requirements of the Basle Committee on Banking Supervision (Basle II for short).

#### **Risk Strategy**

Landesbank NRW's risk strategy is attuned to the Bank's core lines of business (market segments): economic development, municipal finance and treasury, specialised finance, and equity investments. The Wohnungsbauförderungsanstalt (Wfa) has been integrated in compliance with the special provisions under Section 19 and Section 21 of the German Housing Promotion Act (WBFG), which govern the state's special liability for Wfa's obligations.

The Managing Board adopted a credit risk strategy for 2003. This strategy was expanded at the beginning of 2004 into a comprehensive risk strategy covering



market price risks and operational risks, as well. To a large degree, this strategy has already been brought into compliance with the Minimum Requirements for the Lending Activities of Banks (MaK), which are to go into effect on June 30, 2004.

The Managing Board of Landesbank NRW sets the risk policy annually and reviews it on an ongoing basis. Most risks the Bank assumes are counterparty default risks, and in this regard it pursues a conservative risk policy so as to preserve its good risk structure. Risk policy reviews also examine the Bank's maximum willingness to incur risk – in other words, its maximum loss limit. There are also limits for various loan types, sectors, maturities, rating categories, volume categories, and geographical distribution.

### **Organisation**

The Managing Board bears the overall responsibility for managing risk at Landesbank NRW. The Supervisory Board monitors the Managing Board's management performance. The Credit Committee, a committee of the Supervisory Board, receives quarterly reports on the Bank's credit risk exposure. To take due account of the strategic importance of risk management, the Credit Committee is evolving into a Risk Committee. The Guarantors' Meeting decides on such matters as the principles of business policy and risk policy. In keeping with the Minimum Requirements for the Trading Activities of Banks (MaH) and the Minimum Requirements for the Lending Activities of Banks (MaK), the units that supervise risks (Risk Controlling and Credit Management) are functionally independent from the front office units, up to the level of the Managing Board.

The front office units enter into a variety of risks in the course of their operations, and are responsible for managing these risks themselves at the operations level. In doing so, they must conform to a corporate system of limits and guidelines that is monitored and refined by the Risk Controlling and Credit Management units. These two units report directly to the relevant member of the Managing Board. The separation of functions between front office and back office up to the level of the Managing Board, as required by MaK, was implemented in 2003. Large portions of the remaining requirements that banks will have to meet by 2004 or 2005, as the case may be, were already met during 2003 as part of the interdepartmental Basle II/MaK project.

Credit Management is responsible for approving individual credit decisions, including the rating of the commitment. It is also responsible for regularly monitoring loans. Risk Controlling is responsible for risk measurement methods, processes and procedures, along with daily measurement and monitoring of risks and limits throughout the Bank, as well as non-commercial valuation under MaH. This unit also defines, approves and monitors country limits and prepares suggestions on portfolio management for the Managing Board.

Internal Audit regularly reviews the risk strategy, risk structure and risk management for adequacy and effectiveness. In its capacity as an independent supervisory body, Internal Auditing reports directly to the Managing Board on the results of its tests and analyses.

### **Risk Management Process**

The Bank's risk management process is comprehensively documented and made accessible to all the Bank's business units. It comprises the following main components:

- **Early risk recognition** is intended to detect developments that could adversely affect the Bank's business relations, commitments and processes either now or in future. It embraces all the Bank's business units and all risk categories. In counterparty default risks, it is concerned mainly with jeopardised loan repayments or potential non-performance of obligations under loan transactions. In market price risks, it deals with market movements that would reduce the value of the portfolio. If such changes occur, the risk must be re-analysed and reappraised. In recognising risk, Landesbank NRW applies an extensive range of measuring techniques, sensitivity analyses, scenario and stress computations, and portfolio analyses.
- In **risk analysis**, Landesbank NRW employs mathematical models in line with the current market standard. The model computations are supplemented with comprehensive re-checks and further analyses. Counterparty default risks are analysed on the basis of detailed, meaningful documentation. For its relevant client groups, the Bank applies internal rating procedures which it supplements with analyses and the credit ratings from major rating agencies (Moody's, Standard & Poor's, Fitch).
- **Risk management** is handled within approved limits and predefined guidelines on responsibility. The entities in charge of risk management are the operating units themselves – Capital Markets, INVESTITIONSBANK NRW,

Wohnungsbauförderungsanstalt, Specialised Finance, and Equity Investments – which conduct their risk management on the basis of established rules. As an overall boundary for risk management above and beyond the various risk categories, Landesbank NRW regularly checks to make sure that its exposure remains within a maximum loss limit.

During the year under review, procedures for introducing new products were extended to include all credit products. These expanded procedures ensure that the Bank's operations comply with its internal risk assessments, and that ample data is available about the Bank's exposure at all times.

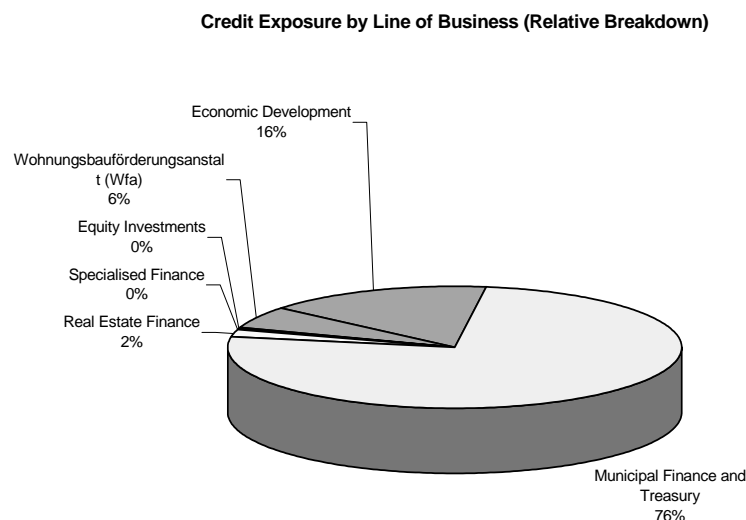
- For purposes of **risk communication**, the Managing Board is informed about the Bank's current counterparty default and market price risks daily. Of particular importance are any limits or rules that may have been exceeded.

The Managing Board also receives a detailed monthly report on the Bank's overall risk position, including an analysis of the rating categories, sector weightings, volume categories and maturities applicable to the Bank's portfolios. Any market changes within the period under review are also analysed.

### Counterparty Default Risk

Landesbank NRW's policy on risk is to maintain the sound risk structure that is already in place. For that reason, Landesbank NRW limits its credit exposure mainly to first-rate counterparties.

Breakdown of Landesbank NRW's credit exposure at December 31, 2003



Credit Exposure by Line of Business (€ millions)	2003
Municipal Finance and Treasury*	73,553
Economic Development	15,867
Real Estate Finance	2,121
Specialised Finance	272
Equity Investments	110
Wohnungsbauförderungsanstalt (Wfa)**	5,727
Total	97,650

\* Capital market products are marked to market. All other commitments are carried at their remaining principal balances plus payout obligations.

\*\* Net present value

Each credit decision is based on a loan application file that contains an estimate of the exposure risk of the associated commitment. As a rule, the application must be approved by two officers, one representing the front office and one representing the back office, before the credit line can be set up. The Managing Board decides in the event of a disagreement. Generally speaking, the Managing Board must also approve the commitment for loans above a certain volume. The Managing Board is answerable to the Credit Committee and the Supervisory Board. A credit monitoring file is prepared at least once a year on every substantial commitment. Commitments with higher exposure risk receive especially close scrutiny and support.

When measuring and monitoring counterparty default risks, the Bank distinguishes among credit, issuer, money market and derivative lines. In the case of derivative lines, the replacement value depends on market price movements. For that reason, the Bank also takes potential replacement costs into account when dealing in derivatives.

Landesbank NRW's portfolio currently stands at € 97,650 million; the Wohnungsbauförderungsanstalt's operations account for € 5,727 million in assets (respective values from 2002: € 89,035 million and € 5,722 million). Wfa's portfolio is secured not only by Wfa's assets, but also under the provisions of Section 19 and Section 21 of the German Housing Promotion Act (WBFVG). Of Landesbank NRW's remaining assets, over 90% comprise loans to debtors that are internally rated as very good to satisfactory, or are loans secured under the German Public Mortgage Bond Act (ÖPG) or German Mortgage Banking Act (Hypothekbankgesetz). The percentage of commitments to borrowers with weak credit scores is less than 1% of the total loan exposure. The majority of loans are to central, regional or local authorities and public-law banks in Germany.

Within the Landesbank NRW sub-group, the Westdeutsche Lotterie and Westdeutsche Spielbanken groups have their own system of risk management, one that is specific to their needs. The investment principles established by the Managing Board of Landesbank NRW determine the extent of the counterparty default risks that these groups can assume. The Risk Controlling unit reports to the Managing Board monthly on the groups' compliance with these investment principles. Their operational and other risks are monitored and managed on the basis of appropriate management instruments.

Breakdown of Landesbank NRW's credit exposure by rating at December 31, 2003

Risk Category/ Type of Transaction	Commitment € millions	Percentage
1/secured	67,623	69.3%
2	16,925	17.3%
3	2,598	2.7%
3/4	1,425	1.5%
4	218	0.2%
4/5	0	0.0%
5	1	0.0%
6	0	0.0%
Unrated*	902	0.8%
Real Estate Finance	2,121	2.2%
Equity Investments	110	0.1%
Wfa**	5,727	5.9%
<b>Total</b>	<b>97,650</b>	<b>100.0%</b>

\* The majority of commitments for which no internal rating is available are for public-sector debtors.

\*\* Net present value

#### Legend for Internal Risk Categories

Risk category 1:	Very good credit risk
Risk category 2:	Good credit risk
Risk category 3:	Satisfactory credit risk
Risk category 3/4:	Satisfactory to adequate credit risk
Risk category 4:	Adequate credit risk
Risk category 4/5:	Adequate credit risk, with reservations
Risk category 5:	Poor credit risk
Risk category 6:	Very poor credit risk

Landesbank NRW currently engages in derivative transactions with only a few select partners. The derivatives serve as microhedges for specific transactions or as macrohedges for overall exposure exclusively in Landesbank NRW's proprietary business. To reduce credit risks, the Bank has entered into standardised netting and collateral agreements. On a consolidated basis, the volume of

interest-rate derivatives stood at € 11,127 million as of year-end 2003. Credit risk equivalents for banking regulatory purposes were € 84 million.

#### **Defaults, Allowances for Doubtful Accounts and Problem Loans.**

Outside of Wfa commitments, Landesbank NRW has placed € 64.6 million in loans (2002: € 49.8 million) under closer scrutiny, for which the aggregate amounts in arrears are € 4.1 million (2002: € 2.8 million). Some of these loans are secured. Specific allowances and provisions total € 8.2 million (2002: € 2.8 million). In the case of Wfa, whose portfolio is secured under Section 19 and Section 21 of the German Housing Promotion Act (WBFG), loans in the amount of € 533.1 million (2002: € 487 million) have been placed under closer watch. The amount in arrears is € 44.2 million (2002: € 36.5 million). Allowances for specific accounts and doubtful debt provisions total € 227.7 million (2002: 156.3 million).

Total risk provisioning in the lending business for 2003 was € 121.2 million (2002: € 43.4 million).

**Basle II.** Mindful of the new Basle Capital Accord (Basle II), in 2002 the Bank initiated the Bank-wide Basle II/MaK Project to coordinate the implementation of these new rules and regulations. The project completed its preliminary study on schedule in mid-2003, and identified the necessary methodological, organisational and procedural adjustments on the basis of the current Basle II discussion paper. Now the necessary adjustments and modifications within the Bank are under way as part of the main body of the project.

Landesbank NRW will implement the new regulatory requirements in its business strategy and risk structure. It will take the standardised approach in its weighting of counterparty default risks.

As part of its credit risk management, the Bank is expanding its internal credit rating system to include all relevant customer groups, so as to ensure adequate support for the credit decision-making process. The Bank's own internal risk evaluation goes beyond the planned application of the standardised approach under Basle II.

**Country Risk.** A country risk exists if the Bank approves or provides a loan to a borrower located outside Germany, and there is no collateralisation of a type that enables the credit risk to be categorised as a domestic risk.

At the suggestion of Risk Controlling, the Managing Board specifies a country limit for each country of relevance. For each country with no transfer risk – i.e., the Member States of the European Monetary Union (not including the Federal Republic of Germany) – the Management establishes what is known as a country “cap.” The individual country limits and country caps are the upper limit for business activities with and within the country concerned.

As it did in 2002, Landesbank NRW conducts more than 99% of its business in countries within the euro area (including INVESTITIONSBANK NRW and Wfa); 88% of its business (2002: 92%) is in Germany alone. At the reporting date, 1% of the Bank’s commitments entailed transfer risks. As a result, country risk is not a major factor for Landesbank NRW.

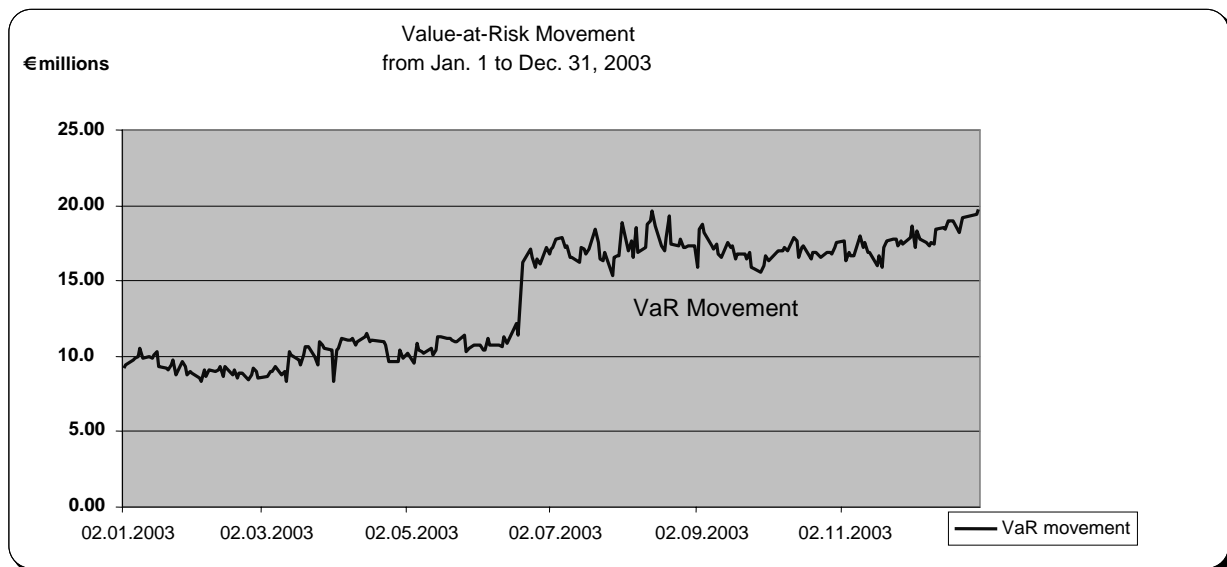
### **Market Price Risk**

The Bank exposes itself to interest-rate risks only on a limited basis. Depending on its assessment of the interest-rate or market situation at hand, it will make lendings without matching funds or issue public sector “Pfandbriefe” without matching lending transactions, as a rule of thumb doing so when the margins are positive or when the market situation has changed. The resulting assets and liabilities with matching maturities are maintained in the investment portfolio.

The Bank has assumed no stock risks thus far; at the moment it assumes foreign exchange risks only to a very limited degree. For internal purposes, value-at-risk calculations at Landesbank NRW assume a holding period of one day and a confidence level of 95%. The historical period observed consists of 250 days. The holding period is limited to one day because portfolio risks (particularly mismatches) can be hedged with derivative instruments within one day, and because the portfolio is under active portfolio management.

Interest-rate risks are subject to limits defined by the Managing Board which apply both to individual portfolios and to the portfolios in the aggregate. A separate limit is used to monitor mismatches in the investment portfolio. The following graph shows Landesbank NRW’s aggregate value at risk over the course of 2003.

## Overview of Interest-Rate Risks



The substantial increase in exposure in mid-June is the result of a planned new release on methods, not an abrupt increase in risk itself.

The value at risk fluctuated between € 8.3 million and € 19.6 million (2002 average: € 9.9 million). Average exposure for the second half was € 17.1 million.

The value-at-risk calculations are supplemented by monthly stress tests. The stress scenarios prescribed by the regulatory authorities indicated an average exposure of approximately € 15 million in 2003 (always under the negative case scenario). Regular back testing ensures the quality of the risk model.

### Liquidity Risk

The Capital Markets unit is in charge of the Bank's liquidity management.

The liquidity management is founded on continuous analyses of incoming and outgoing cash flows. Short-term liquidity is managed using daily reports of the next three days' net cash flows. Similarly, medium-term liquidity is managed using daily analyses of cash flows for the next six months. The Bank has access to all money-market and capital-market products for this purpose. The Bank also has a sizeable portfolio of available-for-sale securities and securities that can be deposited with the European Central Bank, which put it in a position to generate substantial amounts of cash on short notice.



Capital Markets is in charge of monitoring the Bank's compliance with the liquidity requirements set forth in the German Banking Act (KWG). In fiscal 2003, the Bank's liquidity ratio was above the 1.0 regulatory minimum at all times (end of December: 1.3).

### **Participation Risks**

Landesbank NRW's portfolio of equity investments falls into three groups. Strategic investments are held by public mandate, or to support the Bank's own business. In equity finance, the Bank furnishes equity to North-Rhine Westphalian firms as part of its mission as an infrastructure and economic development bank. Normally, from Landesbank NRW's viewpoint, counterparty default risks – i.e., (partial) failures of the companies held – must be taken into consideration and managed in association with equity investments; so must market price risks resulting from the refinancing of these investments. Both types of risk can be evaluated adequately only if the risks are monitored and (where possible) managed at the level of the equity holding itself.

The main holdings in Landesbank NRW sub-group's equity investments portfolio are:

ILB Investitionsbank des Landes Brandenburg € 51.1 million (unchanged from 2002)

LEG Landesentwicklungsgesellschaft Nordrhein-Westfalen GmbH € 32.3 million (unchanged from 2002)

### **Risk Management for Equity Investments**

Normally, risks resulting from equity investments are covered by the Risk Management process as described above. The Equity Investments business unit recognises and manages risks specific to a given investment at the time of its acquisition and as long as it is held, as part of the chain of procedures. The foundation for later risk recognition and control is laid during the contract negotiations prior to the acquisition – for example, by including regular reporting requirements or specifying that certain matters will be subject to the Bank's consent. The risks in question are primarily strategic, such as the given company's strategic orientation. But depending on the company, there may also be market price risks, operational risks and counterparty default risks.

The Managing Board and the Bank's other executive bodies receive reports on the entire portfolio of equity investments three to four times a year. The timing depends on the various bodies' meeting schedules. The Equity Investments unit is in constant contact with the companies in which the investments are held, and thus becomes aware of changes promptly. If major developments occur, the Bank's decision-makers are notified on an ad hoc basis. Equity investments whose current situation calls for closer attention are put on a watchlist. One company is on this list at present. If problems arise, reporting may be stepped up to as often as once a month. Controlling of the investment can be adapted to changing circumstances with similar speed. Additionally, each year a "short report" is produced that analyses the most recent annual financial statements, offers strategic projections, and calculates profitability. The short report not only informs the Managing Board in detail about developments in the Bank's equity investments, but also serves to meet the requirements of Section 18 of the German Banking Act (KWG). In addition, the portfolio is analysed regularly for cluster risks, in terms of both segments and commitment volume.

New or expanded equity investments must be approved by the full Managing Board and are subject to the consent of the Guarantors' Meeting. Risk is assessed in a due diligence process that takes account of business, legal and tax risks. For larger investments, this is done in consultation with an outside accounting and auditing firm. On the basis of the written evaluation of the results of the due diligence process, the Equity Investments unit prepares an investment recommendation for the Managing Board. This recommendation is reviewed by the Credit Management unit, which adds its own independent vote on the proposal. The Bank meets MaK requirements through this procedure.

### **Strategic Equity Investments**

Of the strategic equity investments listed, the counterparty default risk is limited either directly or indirectly by the strong involvement of public funding. Apart from holding management positions within these companies, directly or indirectly furnishing indemnity bonds also helps reduce the counterparty default risk. In the case of LEG, public-sector entities actually hold a majority.

## **Equity Finance**

Among the risk-limiting measures taken at the time of new commitments are limiting the volume of individual commitments and, if applicable, syndicating portions of the commitment. Additionally, the equity investment agreements may include requirements that the borrower must obtain Landesbank NRW's consent for certain transactions.

The equity finance business is still becoming established. In 2003, the Bank acquired a dormant interest.

## **Operational/Other Risks**

Landesbank NRW monitors operational risks and continuously expands its existing monitoring systems and procedures.

As part of its project activities, the Bank has made significant progress establishing a Bank-wide, systematic process for monitoring operational risk and has developed a comprehensive strategy for managing operational risk. Among the major components of the approach are recognising risk events and loss events, conducting structured self-assessments, and monitoring risk indicators. Uniform categorisation is a prerequisite for being able to pool and compare results from these procedures. In this the Bank follows the Basle "event type categories."

The results of the first self-assessments were used to conduct an extensive inventory of the Bank's operational risks. The results of that study are still being analysed. Additionally, operational risks were integrated as an explicit component of the process for introducing new products, which has been expanded to the lending business.

A comprehensive, customised strategy already exists for analysing and reporting operational risks at Wfa.

Landesbank NRW intends to use the Basic Indicator Approach in determining the capital to hold for its operational risks under Basle II. This figure is calculated as a fixed percentage of average gross revenues.

Landesbank NRW minimises its legal risks from transactions by using standardised contracts. When special questions of law arise, the Bank seeks the advice of outside legal counsel. There are currently no significant proceedings pending which involve the Bank.

### **Continual Improvement of the Risk Management System**

A project was initiated in 2003 to refine methods for analysing the amount of risk the Bank can assume. It is to be implemented and applied in practical management by the second quarter of 2004.

Continual improvement and expansion of risk management in all key risk areas ensures that Landesbank NRW will retain the ability to recognise any adverse developments early enough to take appropriate countermeasures.

### **Risk Management in the WestLB AG Sub-Group**

The WestLB AG sub-group prepares group annual accounts and a group statement of financial condition, including risk report, in accordance with Section 340 (i) of the German Commercial Code (HGB). Pursuant to Section 91 of the German Stock Corporation Act (AktG), WestLB AG's Managing Board must take appropriate measures to ensure that developments which could impact its portfolios are recognised early.

The Supervisory Board of WestLB AG has a Risk Committee which monitors WestLB AG's risks and discusses the risk policy and risk management with the Managing Board. Specifically, the Risk Committee deals with managing the following types of risks:

- counterparty default risk
- market price risk
- participation risk
- liquidity risk
- operational risk

As the superordinated enterprise within the meaning of Section 25a (1) of the German Banking Act (KWG), Landesbank NRW performs its risk management functions vis-à-vis WestLB AG from a Group perspective. With regard to adequate treatment of Group issues, both institutions, Landesbank NRW and WestLB AG, formed a joint Coordinating Committee which meets monthly. The

powers of the Coordinating Committee were greatly expanded in October 2003, and it is now responsible for the following areas:

- organisational measures for compliance with Section 25a (1) of the German Banking Act (KWG)
- large exposures development
- cooperation on strategic projects
- establishing three sub-committees: on Group risk management, Group accounting and Group auditing

Both Managing Boards have the right to reserve consent with respect to the results and resolutions of the Coordinating Committee's work.

In 2003 the Coordinating Committee focused on reviewing the portfolios and analysing the WestLB AG sub-group's exposure.

There is an independent auditing unit within the WestLB AG sub-group that audits the sub-group's business activities. Landesbank NRW's auditing unit limits the scope of its auditing to the tasks Landesbank NRW performs as the Group parent.

This type of organisation ensures that Landesbank NRW's group risk management is performed with the necessary intensity in the context of the parent-subsidiary solution required under European aid law.

Based on the Group risk report prepared by WestLB AG sub-group, WestLB AG's exposure and risk management are as follows:

### **Organisation**

WestLB Group has a centralised system of risk management that is implemented by the responsible departments of WestLB AG. This means that not only WestLB AG's business structures are subject to supervision, but those of Group subsidiaries, as well. The Westdeutsche ImmobilienBank sub-groups and the Boullioun Group apply their own risk management and risk monitoring processes in addition to those of WestLB Group.

WestLB Group's risk management structure is centralised, both from an institutional and organisational perspective. The Supervisory Board determines the Group's risk profile and sets the framework for risk management. Its Risk Committee regularly verifies that the Group is on course with the targets, standards and quality of the various risk categories. The Managing Board analyses the Group's risk-return position at least once every two weeks, paying close attention to its solvency and liquidity, as well as to the adherence to limits. In managing risks, the Bank's decision makers are supported by an independent Risk Management department which reports directly to the Managing Board and is responsible for measuring, monitoring and managing the various risk categories. This department is headed by the Chief Risk Officer (CRO) of WestLB AG's Managing Board.

The Risk Management Support & Control (RMS&C) unit is in charge of developing the methods for risk management, as well as performing the measurements used for risk-return management and for analysing how much risk can be assumed. Using these methods and measures as a basis, RMS&C offers integrated reporting on all risk categories, including an analysis of the loan portfolio. In the year under review, operational risk controlling was also added to the tasks of RMS&C.

As before, RMS&C is responsible for independently managing the risks (market price risks, risks of interest rate movements) in the trading and investment portfolios, as well as managing the counterparty default risks in the trading business and introducing new products into the trading business. By using the instruments developed for these tasks and relying on its decentralised presence, RMS&C is a vital part of overall Bank-wide risk management.

The regional loan departments (Germany/Europe, Americas, Asia/Pacific) and Global Specialised Finance – Transaction Management are responsible for the operating functions of the lending business (back office work). This includes analysing the risks associated with each commitment (giving approvals and issuing ratings), as well as monitoring adherence to the limits that have been set. The Central Credit Management (CCM) unit has overall responsibility for managing the Bank's worldwide counterparty default and country risk in the lending business. This includes:

- developing methods and setting Bank-wide lending standards,
- implementing the guidelines set by regulatory authorities,
- managing select individual exposures through final loan approval or through helping the loan departments make a decision on approval,
- active management of WestLB Group's loan portfolio.

The Asset & Liability Committee (ALCO) manages WestLB's assets and liabilities structure, as well as its liquidity risk and the risk of interest rate movements.

The members of the Managing Board responsible for the Bank's client business and risk management are part of the Asset & Liability Committee. The Capital & Mismatch Management (CMM) unit is responsible for implementing the measures resolved by ALCO. Global Financial Markets (GFM) is responsible for the daily management of the liquidity risk.

Routine management of participation risks is the responsibility of the Equity Investments business group.

The appropriateness and effectiveness of the risk management overall is constantly monitored by the Group Auditing unit. As an independent supervisory entity, the Group Auditing unit reports directly to the Managing Board with its results, analyses and evaluations, as well as with any recommendations.

The Legal Department offers advice and support for a variety of tasks related to risk management, including collateral agreements.

### **Risk Measurement and Management**

Individual risks are measured using a variety of methods, each tailored to the requirements of the respective risk category. The methods themselves are part of a larger system encompassing all products and business units which is used to determine the Bank's economic capital. Economic capital represents the security buffer required by the Bank at any given time to cover unanticipated losses from its current commitments. Unlike regulatory capital, which is largely geared towards investor protection, economic capital helps the Bank gauge its own risk tolerance. Using economic capital as its starting point, the Bank can work on reducing its risk profile by, for example, systematically diversifying and spreading its risks across products, sectors, regions and activities. Thus, economic capital is a far more appropriate standard for the Bank's risk management than regulatory capital.

To arrive at a figure for economic capital, the Bank takes the value-at-risk (VaR) approach. VaR is used to estimate the likelihood that a given portfolio's potential future losses will exceed a certain amount within a specified period of time. Economic capital is calculated for counterparty default, participation, market price, operational and business risks. WestLB uses a loan portfolio model to determine its counterparty default risk that represents an extension of the CreditRisk+™ model widely used in banking. Within this loan portfolio model, counterparty default risk is determined by taking the credit standing of the borrowers and any clusters in the portfolio into account. This process is crucial in understanding how to achieve the appropriate level of diversification and granularity among counterparty default risks. This approach is a useful tool in optimising the portfolio and managing cluster risks.

The Asset Liability Management (ALM) unit and individual trading units deploy VaR on the basis of a Monte Carlo simulation technique. VaR is also used for managing operational risks.

The economic capital determined by using VaR creates the foundation for risk-return management and for comparing the Bank's risk to its risk coverage. The goal of risk-return management is to determine the most optimal allocation of the Bank's available economic capital among the business units that are generating sufficient returns for the risks taken. With this goal in mind, economic capital was integrated into the Bank's budget process for the first time in the year under review. It represents a key piece of information that the Managing Board can use to manage the Bank and implement strategy.

### **Counterparty Default Risks**

The framework for managing all counterparty default risks and the loan portfolio was the credit risk strategy that WestLB AG's Managing Board adopted in 2003. Binding throughout WestLB Group, this strategy sets out in detail the criteria and terms of the risk policy and the guidelines for assuming credit risks. The Minimum Requirements for the Lending Activities of Banks (MaK) served as the basis for the strategy. In light of how much risk could be borne, limits were set to prevent sector clusters and clusters based on loan volume. Each year, the entire Managing Board will review the credit risk strategy of the previous year and adopt a revised strategy.



## **Managing Individual Risks**

The two pillars of risk management at the individual commitment level are the credit approval process and the ongoing monitoring process. Each credit approval takes into consideration the total commitments which an individual borrower, or, if applicable, a group of companies, has with the WestLB Banking Group. The borrower's creditworthiness and the risk of the transaction or item of property are analysed and documented in a credit application file prepared by the relevant loan or special finance department. The risk evaluation gives rise to an internal rating that plays a significant role in the remaining credit approval process, as well as in risk-return and portfolio management. Depending on the magnitude of the borrower's total commitments and the credit rating awarded, joint credit approval competence is delegated to the relevant customer and lending units or, in the case of special finance, to Global Specialised Finance and CCM. Credit applications that fall outside of certain parameters are reviewed by CCM. CCM gives an opinion on these applications and then passes them on to the Managing Board for a decision.

The foundation of the ongoing monitoring process is the credit monitoring file prepared at least once a year on each individual borrower. Like the credit application file created in the application phase, the credit monitoring file includes a review of the borrower's creditworthiness, as well as a review of the borrower's credit rating and collateral.

In 2003, WestLB AG added to its risk management processes a Group-wide database that serves as a unified watchlist. If a loan threatens to become non-performing because of the worsening situation of a borrower, that loan is added to the WestLB Global Watchlist (WGW) and subject to closer scrutiny and support. Thus, as a tool for planning and monitoring the implementation of countermeasures, the watchlist serves the risk reporting needs of WestLB Group and also plays a central role in determining where allowances for doubtful accounts need to be taken.

Problem cases are earmarked for closer monitoring and generally transferred to CCM. The goal is to limit the Bank's potential losses by formulating restructuring strategies in a timely manner.

As part of regular reporting, a quarterly report is prepared for the Managing Board which looks at current risk developments in order to portray WestLB's needs for risk protection and recommend allowances for specific credit risks.

When deciding on the amount of specific allowances in light of the risks posed, the following steps are taken:

- analyse the borrower's anticipated cash flows in order to determine its future solvency,
- value the borrower's net assets in order to estimate the anticipated proceeds of liquidating existing collateral and,
- if applicable, find out what prices credit default swaps or loans of the borrower are getting on the secondary market.

In addition to the recommendations for the last quarter, a year-end summary of the recommendations made throughout the year is prepared by the loan departments, CCM, Group Auditing and Group Finance. The Managing Board uses this report as a basis for determining allocations to the risk provisions.

### **Portfolio Management**

The structure of the loan portfolio is regularly reviewed in order to ensure its compatibility with the risk policy defined by the Managing Board.

Central responsibility for credit risk management has been delegated to the Credit Portfolio Committee (CPC), a committee consisting of Managing Board members and chaired by the Chief Risk Officer. The Portfolio Management department prepares the CPC's regular meetings, recommends measures and ensures implementation of the CPC's resolutions. CPC's management of credit risk positions is a higher-order management that takes the whole Bank and the entire loan portfolio into consideration.

In the year under review, its first in existence, the Portfolio Management department successfully implemented active management measures in the loan portfolio. In addition to managing clusters within WestLB Group, the bulk of the measures focused on the traditional lending business. Active portfolio management involves increasing profitability, but also involves actively reducing credit risk, most notably by controlling risk clusters (be they at the individual borrower, sector or country level).

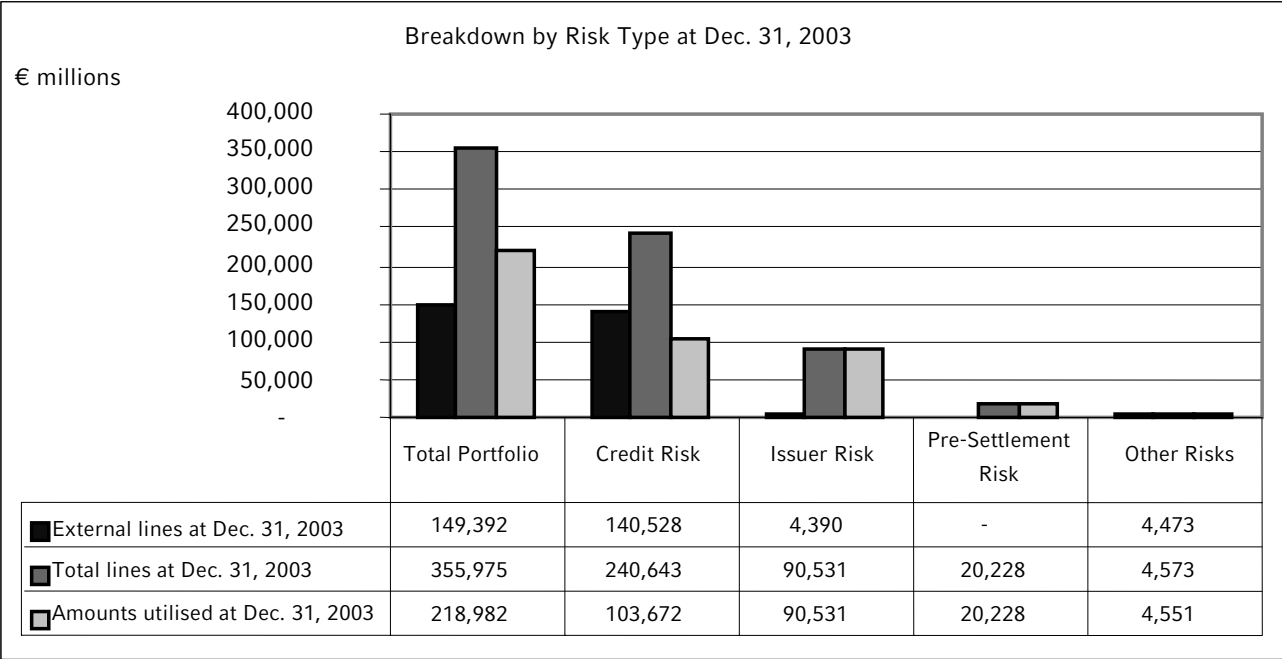
Global measures implemented by Portfolio Management in 2003 included:

- setting additional sector limits and formulating sector strategies
- reducing individual cluster risks
- reducing the number of unprofitable loans
- increasing the core capital ratio by reducing risk-weighted assets
- managing country clusters

These goals were reached through rigorous management of new lendings, as well as comprehensive sell-off and collateralisation measures. The Portfolio Management department will continue to systematically expand its activities. At the end of 2003, the first synthetic securitisation was structured and successfully placed. It involved transferring to the market the default risk on a € 2 billion portfolio of loans to companies in Europe, America and Asia. In years past, WestLB AG had demonstrated its success at securitising mortgage loans and placing the resulting mortgage bonds (Pfandbriefe) on the market.

**Credit Commitments**

**Breakdown by Risk Type as of December 31, 2003\***



\* After consolidation into Landesbank NRW Group

The majority of WestLB Group’s counterparty default risks are credit risks and issuer risks. For the most part, credit risks are posed by lendings in the money market, the traditional lending business, as well as special finance and construction and project finance. Of the issuer risks, half come from the trading book. With respect to the investment book, governments and banks are the largest issuers. For issuer and pre-settlement risks, the total credit lines are shown at the amounts at which they have been utilised. The category “other risks” mostly includes participation risks vis-à-vis third parties.

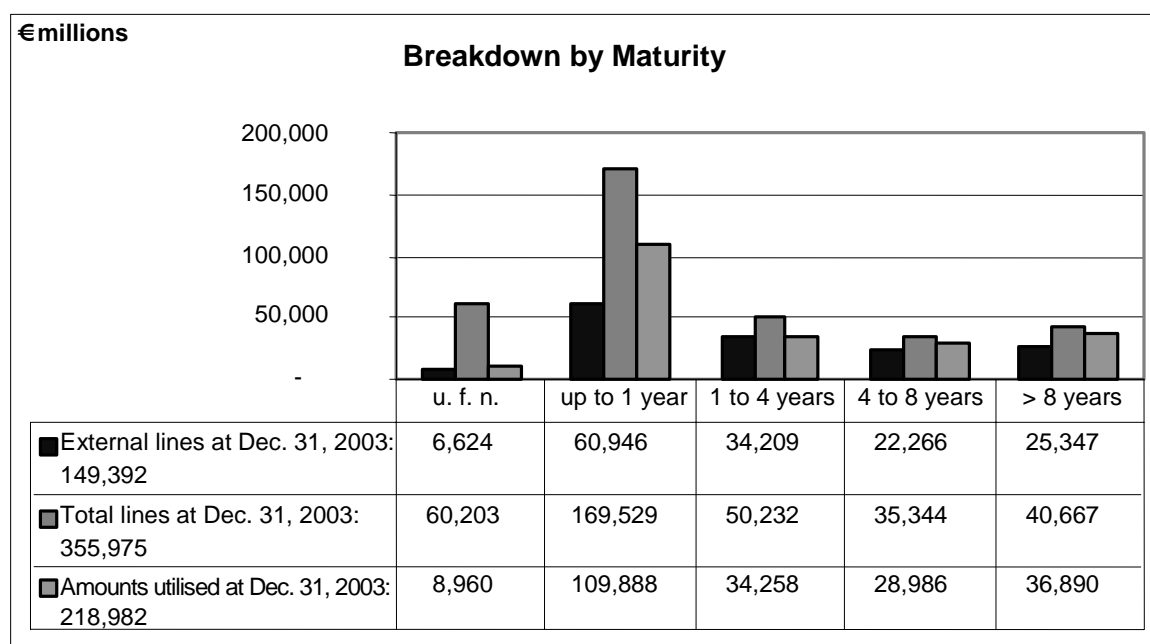
## Breakdown by Rating Procedure Applied\*

Rating Procedure Applied (€ millions)	External Lines		Total Lines		Amounts Utilised	
	Dec. 31, 2003	%	Dec. 31, 2003	%	Dec. 31, 2003	%
Companies	40,560	27%	57,084	16%	31,251	14%
Banks	9,946	7%	118,466	33%	64,010	29%
Governments/Central banks	1,079	1%	39,215	11%	38,240	17%
Central, regional and local authorities	11,379	8%	20,738	6%	13,105	6%
Project finance cash flow	10,511	7%	10,889	3%	7,238	3%
Asset backed transactions	21,154	14%	28,697	8%	6,448	3%
WIB	20,359	14%	22,263	6%	20,770	9%
Other	34,404	23%	58,623	16%	37,920	17%
<b>Total</b>	<b>149,392</b>	<b>100%</b>	<b>355,975</b>	<b>100%</b>	<b>218,982</b>	<b>100%</b>

\* After consolidation into Landesbank NRW Group

The above table shows (with the exception of WIB) the breakdown of the entire portfolio by internal rating method used and also provides a summary of how the portfolio is divided among customer groups and transaction types. Governments/Central banks, banks, and central, regional and local authorities, the vast majority of which have good credit ratings, account for a good half of the credit line amounts utilised. The category "Other," in addition to capturing those commitments (e.g. to private clients, other financial institutions, insurance companies) which are rated using a procedure other than the ones for the major customer and product groups, also captures commitments for which a rating procedure has been devised, but not yet technically implemented.

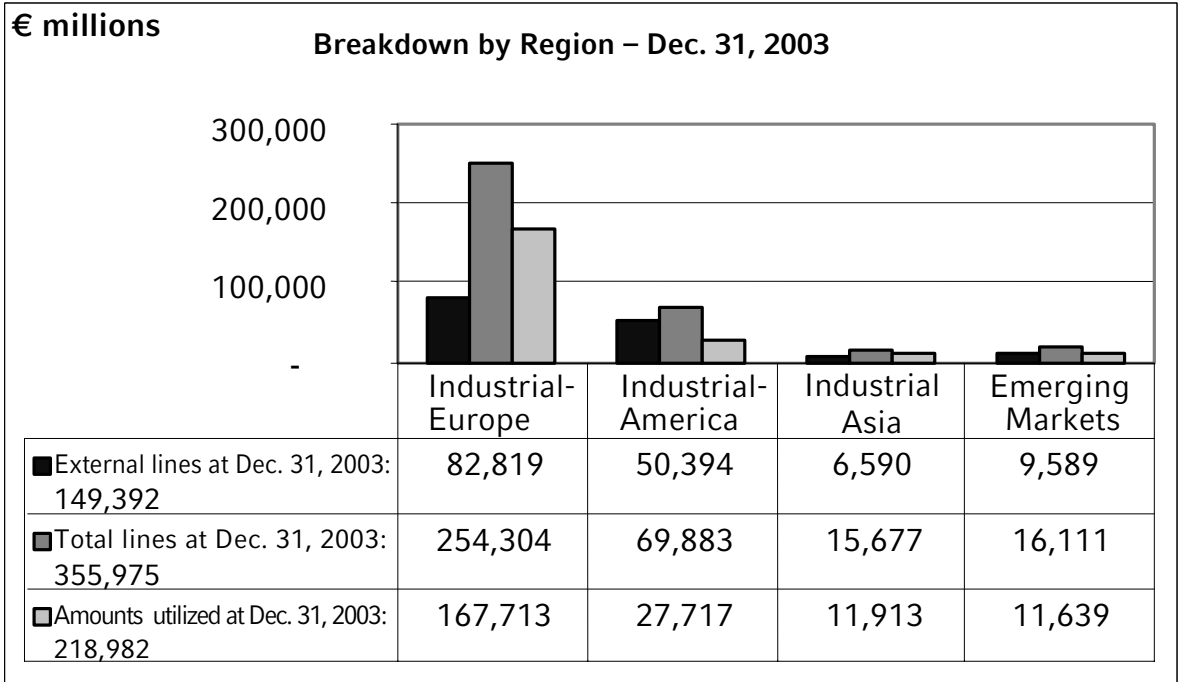
## Breakdown by Maturity\*



\*After consolidation into Landesbank NRW Group

The majority of commitments are short-term commitments of up to 1 year (50% of the amounts utilised). The high total lines associated with the maturity range “u. f. n.” (“until further notice”), as compared to the amounts utilised/external lines, is due to the available balances on general lines of credit extended to other banks within the Group.

**Breakdown by Region\***



\*After consolidation into Landesbank NRW Group

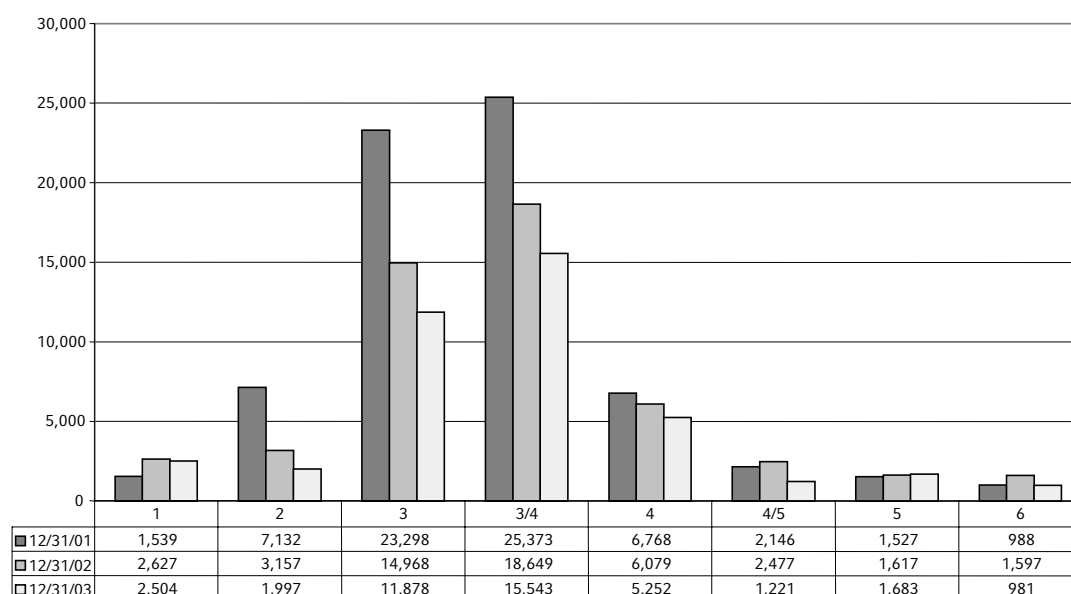
The regional emphasis of the overall portfolio is on European industrialised nations, which account for 77% of the total amounts utilised. More than one-third (37%) of the total amounts utilised is attributable to Germany. Emerging market (EM) countries account for roughly 4.6% of the total lines (2.6% EM America, 1.5% EM Central Europe, 0.5% EM Asia). The exposure within the EM countries is mainly in the financial services sector (incl. central banks) and in unitary states.

## Ratings Breakdown in Corporate Clients/Commercial Real Estate Finance

Fiscal year 2003 was characterised by the persistence of the global economic downswing. It continued to affect how ratings were distributed within the corporate-clients portfolios.

## Ratings breakdown in Corporate Clients/Commercial Real Estate Finance

as of Dec. 31, 2001, 2002 and 2003, respectively, on the Basis of External Lines (€ millions)

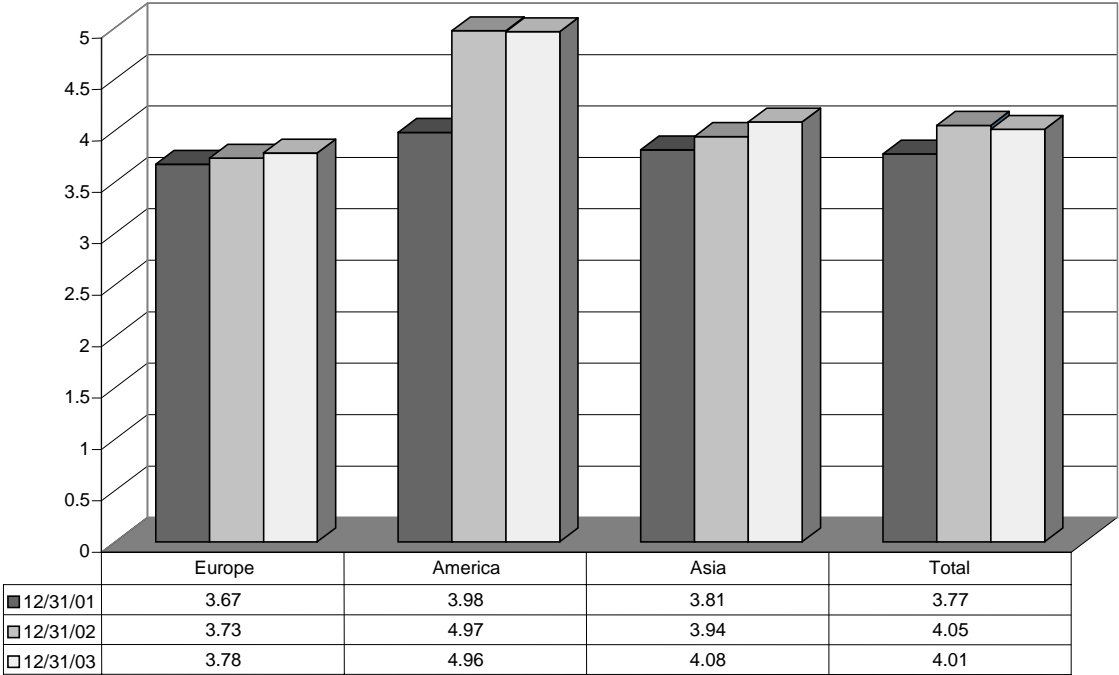


\*After consolidation into Landesbank NRW Group

As was the case in previous years, most of the customers in WestLB Group's corporate-clients portfolio are rated 3 or 3/4. The conspicuous decline in the amount of the lines is partly due to the transfer of construction finance transactions to Westdeutsche ImmobilienBank, whose business is not reflected in the above chart. In addition, portfolio realignment and exchange rate effects – most notably the strength of the euro against the dollar – resulted in lower credit line limits.

**Average Ratings in Corporate Clients/Commercial Real Estate Finance\***

**Average Ratings in Corporate Clients/Commercial Real Estate Finance at Year-End 2001, 2002 and 2003, Based on Amounts Utilised**



\*After consolidation into Landesbank NRW Group

The drop in the average rating in the America portfolio in the previous year was chiefly because of the crisis in South America and other economic influences. The average rating across all three sub-portfolios at year-end 2003 was 4.01, which corresponds to a credit rating of 3/4.

**Risk Provisions/Result of Evaluation**

The amount reported in risk provisions/result of evaluation under the result of provisions for credit risks encompasses the P&L effects resulting from the evaluation of acute and latent counterparty default risks:

Risk Provisions/Result of Evaluation - Lending Business	Allocations to Allowances	Write-Backs from Allow.	Net Allowances	Other Risk Exp./Income	Risk Result
	- € millions -	- € millions -	- € millions -	- € millions -	- € millions -
<b>Acute counterparty default risk</b>	<b>1,125.9</b>	<b>277.1</b>	<b>-848.8</b>	<b>-125.6</b>	<b>-974.4</b>
Credit rating risk	1,054.8	123.5	-931.3	129.8	-1,061.1
Country risk	71.1	153.6	61.8		82.5
Other risk				4.2	4.2
<b>Latent counterparty default risk</b>	<b>220.6</b>	<b>13.2</b>	<b>-207.4</b>		<b>-207.4</b>
	<b>1,346.5</b>	<b>290.3</b>	<b>-1,056.2</b>	<b>-125.6</b>	<b>-1,181.8</b>

## Country Risk

WestLB AG defines country risk as the risk that a borrower will not (or will no longer) be able to service its foreign currency debt because of a worsening of the general economy or the political situation in the borrower's home country. Based on this definition, any credit granted by WestLB Group that is not denominated in the borrower's home currency faces a potential country risk and should be included in the country exposure list.

When determining the credit volumes subject to a country risk, WestLB goes well beyond the classical transfer risk. When assigning risk to a country, the Bank not only takes the borrower's country of residence into account; the country risk of the borrower's ultimate parent company, the providers of collateral and any other guarantors is also considered.

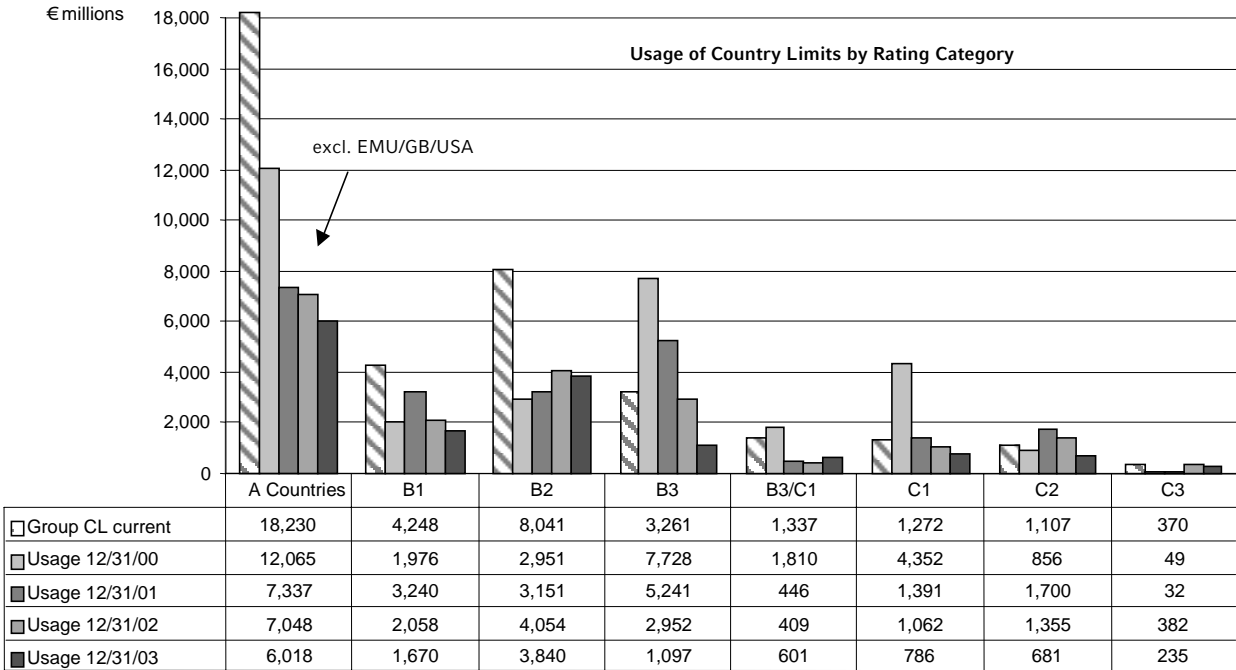
When determining the credit volume to be analysed, finance projects that are of special importance to the country (co-finance packages with supranational institutions, short-term trade finance for the import of food, etc.) and those that are backed by political/moratorium guaranties are excluded. Lines/disbursements that have not been drawn upon are also excluded, as are trade portfolios for which the country risk was considered when the portfolio was marked to market. When determining the amount to allocate to the provisions for country risks, standard bad loan charge ratios are used.

The Bank's Economics Department assigns internal ratings to all relevant countries, which are reviewed at regular intervals. Numerical country limits are determined on the basis of the country rating, the country's size, as reflected in its gross domestic product, as well as the Bank's risk-bearing potential. Depending on the rating category, the country limits are divided on the basis of fixed ratios into limits for short-term business and limits for long-term business. The Country Limit Committee is in charge of centralised country limit management. In



addition to determining the scale of the limits, the Country Limit Committee handles questions related to the methodologies and procedures of country risk management. The final decision on country limits rests with the Managing Board, which works on the basis of the Country Limit Committee's recommendations. CCM continually monitors the usage of limits for non-trading products and reports its findings to the Managing Board and the Risk Committee. RMS&C monitors and reports on trading products.

The use of individual country limits is managed by the regional client business units. Their country managers work with the individual product units to determine how much of a country's overall limit is needed and used. The country managers also control the distribution of resources among the various product units from a risk-return point of view.



In 2003 WestLB AG continued its policy of systematically reducing its commitments in countries with poor ratings.

**Counterparty Default and Country Risks in Trading Operations**

Trading transactions with external customers are subject to default risk related to the counterparty and/or country involved. The controlling and management activities undertaken to counteract the risk of default in the trading business require a wide array of tools and consolidation into one uniform process. The individual steps are as follows:

The correct measurement and modelling of the counterparty default and country risks forms the basis. The aim is to develop customer-specific and type-specific risk profiles over the life of transactions by taking into account the unique aspects of a given product. With derivatives based on interest rates, WestLB uses a Monte Carlo-based portfolio simulation method.

The RMS&C unit incorporates the exposures into the relevant limits every day. Thus, WestLB Group has a central record of all counterparty and issuer limits in trading, which ensures uniform and up-to-the-minute risk monitoring.

The responsible decision makers determine all counterparty and country risk limits in the trading business using the Group-wide credit processing mechanisms. Limit compliance is checked daily. Once it has been determined that a limit has been exceeded, the trading unit issues an opinion and the Managing Board members responsible for the RMS&C unit and for the trading units are informed. In addition, standard reports regularly report on how close active operations are coming to the limits set.

Issuer limits for short-term liquid positions in the trading units are generated by RMS&C, on the basis of a ratings-dependent matrix determined by the Managing Board, and monitored daily. In its work, RMS&C relies on up-to-the-minute market information so that it can ensure proactive and timely risk management in this segment. The goal is to make greater use of the information which is available in the market on ratings changes, credit spreads and liquidity changes to determine what, if any, immediate action to take. This market-informed style of limit management is also part of the lending process and the monitoring of limits on large-scale commitments.

In order to reduce the counterparty risks in the derivatives business, WestLB systematically works with collateral agreements. Specifically, it uses the standard master agreements available on the market, which provide for close-out netting and the provision of security. Collateral management (which generally takes the form of daily margins calls by the Group Operations unit) is taken into account by RMS&C as part of the Bank-wide management of counterparty default risks.

The legal and operational requirements for recognising this type of risk reduction are defined within WestLB by the Netting Committee. The substantial amount of legal documentation that is required also helps with measuring the Principle I capital ratios for counterparty risks. Internal risk management and reporting to external parties both make use of information that is contained in a Bank-wide legal database.

## **Implementing Basle II and the Minimum Requirements for the Lending Activities of Banks (MaK)**

To the extent a specific rating procedure exists for the relevant customer and product groups, the loan and product units determine an internal rating for each customer. Ratings are given as part of the approval process for new loans, as well as part of the regular monitoring of existing loans, and are based on the up-to-the-minute risks analyses performed. The risk analyses incorporate quantitative and qualitative elements that are determined on the basis of a pre-set system. The individual credit rating determined reflects a standardised default probability for each customer that forms the basis of the Bank's risk pricing and loan portfolio analysis. WestLB has had an internal rating system in place for more than 14 years for corporate clients that are grouped into one of its major portfolios. Other rating systems have been added over the years. As of December 31, 2003, 78% of the Group's credit line volume (excluding WIB) was being rated internally. Given the requirements that are expected to emerge from the Basle II Accord, the Bank intends to add rating systems for additional client portfolios and special portfolios, as well as to revamp existing systems and test them for compliance with Basle II. The first of these new and revamped systems were introduced in the middle of 2003. The remaining systems will be introduced gradually over the course of 2004. All internal and external rating data will be stored in a central ratings database, thus providing a comprehensive and uniform basis for all ratings data required under Basle II.

To complement the systematic capturing of probability of default (PD) in the ratings database, improvements will be made to the Global Watchlist in order to archive and chronicle the exposure at default (EAD) and loss given default (LGD).

As part of Bank-wide preparations for Basle II, two additional lending projects have been conceived which will fall under the responsibility of Central Credit Management in terms of their methods and under the responsibility of the loan departments in terms of their technical support.

The first is a collateral database project involving the development of methodological guidelines for analysing collateral and building the data warehouse required for the full inclusion of collateral in the advanced internal ratings-based (IRB) approach.

The second is the LGD/EAD project, which involves developing methodological strategies for estimating LGD and EAD. In future, these two risk parameters will play a central role in determining the equity capital ratios of loans and other risk-weighted assets of the investment book. The necessary data histories will be structured with the help of the data captured in the WestLB Global Watchlist and the collateral database.

In the year under review, WestLB reviewed its organisational structure and workflow with a view toward compliance with the Minimum Requirements for the Lending Activities of Banks (MaK). Most of the defined requirements have been implemented. Currently, the Bank is deploying a standardised process for handling new products.

WestLB AG has a voice on the Federal Financial Supervisory Authority's (BaFin's) expert panel on MaK.

## **Market Price Risks**

### **Managing Market Price Risks**

WestLB AG's Managing Board is responsible for setting the risk policy and profitability goals of the trading business. It also defines trading strategies that determine which products are offered to what WestLB Group customers on which markets. The required limits and framework for risk management are derived by looking at the budget and considering how much risk the Group can bear.

The individual trading units are responsible for their own risk management within the guidelines defined by the Managing Board. They are directly accountable for the risks and returns of their activities.

By providing decision makers with regular risk analyses and key information about all required risk and earnings ratios, the RMS&C unit actively supports the risk management of the trading business. Individual risk committees for market price risks regularly meet with RMS&C to discuss the risk exposure in the trading business. The entire Managing Board meets at least once every two weeks to discuss the risk situation in the trading business and in asset liability management.

### **Measuring Market Price Risks**

The market risks in WestLB Group's trading and investment portfolios are computed daily. The Bank manages its market price risks by using a combination of risk management variables, including value at risk (VaR), sensitivities and stress tests.

In the process, the following types of market price risks are differentiated:

- Interest rate risk (including general and specific interest rate risks)
- Share price risk (including general and specific share price risks)
- Currency risk (including commodity price risks)

At the end of 2002, WestLB AG received BaFin's approval to begin using the internal VaR model to determine Principle I equity capital ratios for the trading business. The approval also covers all of WestLB's foreign branches. The internal model fully captures general interest rate risks. Work is currently under way to teach the model to recognise specific interest rate risks, currency risks and share price risks. Once the model can recognise these additional risks, it will be possible to calculate the capital necessary to cover all the market risks in the trading business by using the internal model exclusively.

The VaR model employed at the Bank for interest rate and foreign exchange risks is based on a Monte Carlo simulation technique. For internal purposes, VaR calculations are done on the unweighted basis of the last 250 changes to all market parameters that materially impact the portfolio, assuming a holding period of one day and a confidence level of 95%. For external purposes, a confidence level of 99% and a holding period of ten days are assumed.

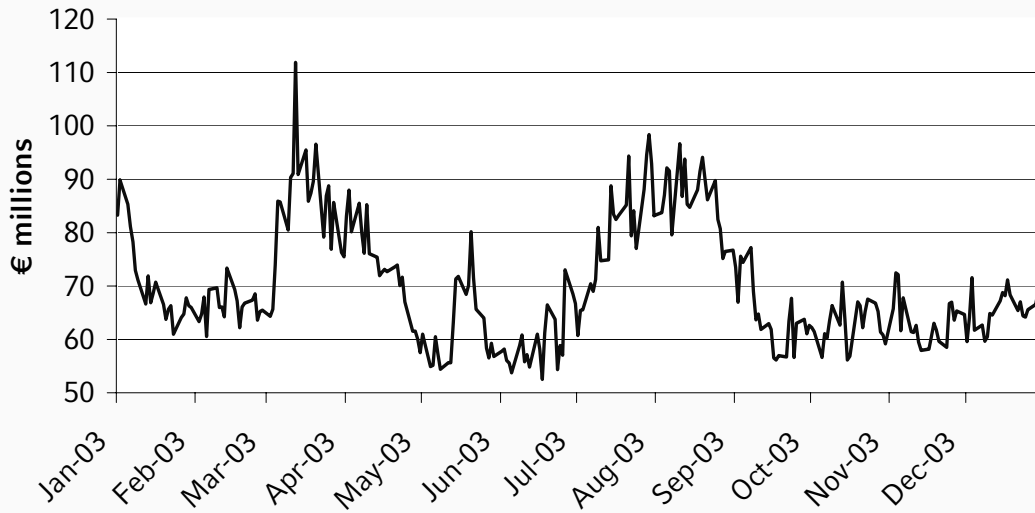
Market risks are measured using a central data warehouse that makes it possible to re-price the relevant trading products and identify non-linearities and diversification on all trading levels, regardless of the front office systems used.

In order to determine value at risk, it is necessary to make statistical assumptions about the change in the risk factors used. The Bank assumes a standard logarithmic distribution of the daily variance and uses the variance-co-variance approach when performing its Monte Carlo simulations. The (co-) variances are determined on the basis of a time series of equally weighted logarithmic changes in the risk factors.

The Monte Carlo-based market price risk calculations are also used to determine stock risks. Doing so ensures that diversification effects are included and that non-linear risks are adequately captured.

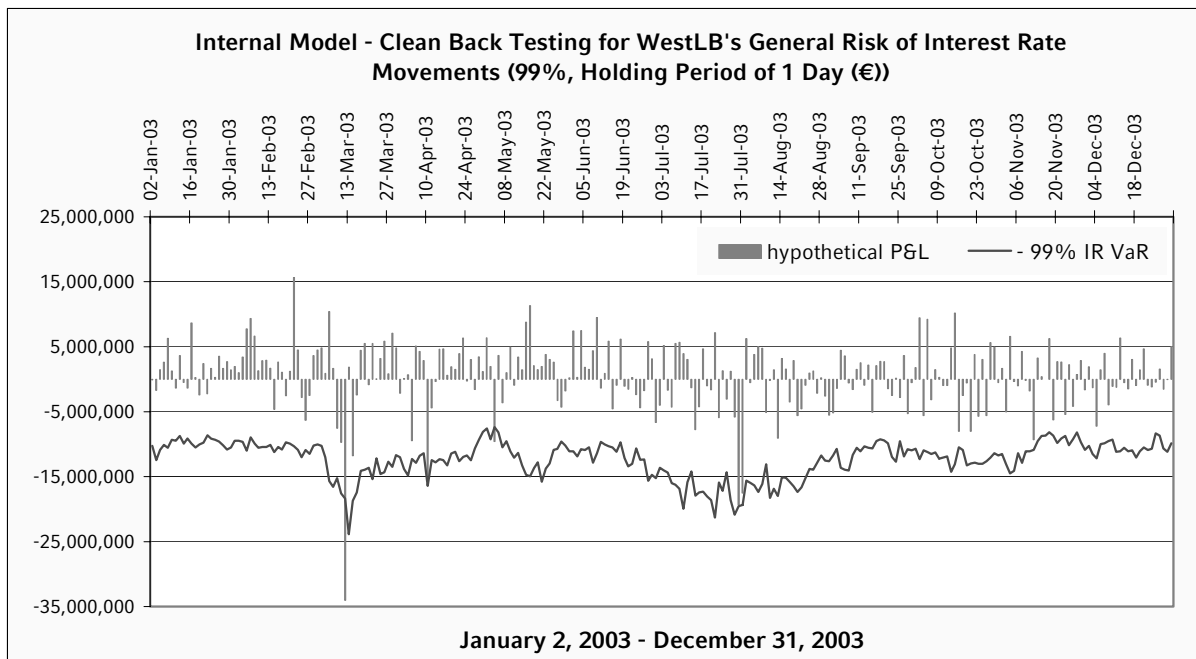
Based on a confidence level of 99% and a holding period of ten days, the values at risk in 2003 were as follows (€ millions):

**Daily Value at Risk in the Trading Units in 2003**  
(Holding Period of 10 Days; Confidence Level of 99%)



<b>Value at Risk in WestLB Group's Trading Units in 2003</b> (Confidence Level of 99%, Holding Period of 10 Days)				
	<b>VaR</b>	<b>Minimum VaR</b>	<b>Maximum VaR</b>	<b>Average VaR</b>
	at 12/31/03	1/1 - 12/31/03	1/1 - 12/31/03	1/1 - 12/31/03
	€millions	€millions	€millions	€millions
<b>WestLB Group</b>	<b>77.8</b>	<b>57.2</b>	<b>113.6</b>	<b>75.3</b>
<b>GFM</b>	<b>53.1</b>	<b>36.9</b>	<b>91.9</b>	<b>55.7</b>
<b>Equities</b>	<b>19.3</b>	<b>9.5</b>	<b>22.4</b>	<b>14.5</b>
<b>Other(*)</b>	<b>7.1</b>	<b>4.1</b>	<b>12.7</b>	<b>7.3</b>

(\*) incl. Banque d'Orsay, Luxemburg Int. S.A, WSP Equities, Strategic Stock Positions, Specialised Finance, WPSI



The quality of the Bank's risk measurement is monitored continuously. A key element of this quality control is testing the risks parameters that are being used (back testing) for the general risk in interest rate movements. In addition to daily risk analyses, there are quarterly analyses. The conclusions drawn make an important contribution towards improving the VaR model. The results are also incorporated into the model validation that takes place every six months. The goal of the six-month validation is to ensure that the VaR model is capable of adequately determining risks, even if the risk parameters change. In 2003, the hypothetical P&L exceeded the VaR on two occasions. This is in keeping with the 2-3 anomalies one would expect in the course of a year when using a VaR model with a confidence level of 99%.

### **Stress Testing**

Whereas VaR estimates the maximum loss under normal market conditions, scenario analyses simulate less likely movements in market parameters which are not captured by the confidence interval of our VaR calculations. When performing these scenario analyses, the Bank uses parametric and historical scenarios. Stress tests are performed on a weekly basis, with the results passed on to the Risk Committees for trading operations. At least once every month, the results are also reported to the Managing Board.

## **Processes of Market Risk Management**

### **Limit Process**

VaR is the most important tool for limiting market price risks that the Managing Board has at its disposal. The Managing Board sets market risk limits for each business unit. These global VaR limits are then allocated among all relevant organisational levels of the trading business which have risk and profit responsibility. The limits can only be altered by means of a formal limit change process. The RMS&C unit monitors the VaR limits daily to see how much of them has been used and if any limits have been exceeded. If there are limits which have been exceeded, the trading unit involved will decide on measures to return its operations to within the approved limits and RMS&C will ensure that these measures are implemented. The head of the RMS&C unit is notified each time a VaR limit is exceeded. The Managing Board is notified when the amount by which a VaR limit is exceeded is substantial.

Other information in addition to VaR (e.g. sensitivities, correlation risks, binary risks) is gathered in order to portray and limit risks and risk clusters.

### **Reporting**

Risk reporting within WestLB Group occurs on various portfolio levels, both on a daily and on a monthly basis.

### **Participation Risks**

Participation risk refers to potential fluctuations in the value of companies making up WestLB Group, as well as risks arising from contracts with companies in which WestLB participates.

Generally speaking, the management of participation risks at WestLB refers to managing all of the Group's participations, which is a task that has been assigned to the Equity Investments business unit. The companies of the Banking Group are fully incorporated into the risk and operational management of WestLB.

The risk management of companies that are not consolidated into the Banking Group is also handled by the Equity Investments unit. Certain of our investments are additionally followed by specialist units and monitored in terms of their risk. This approach allows for optimal support of companies whose business activities are closely linked with the activities of the respective product unit.



For the most part, participation risks are managed by determining credit lines, accepting supervisory positions and performing decentralised risk controlling for the companies' products and services.

The assessment of current and future risks posed by the participations that are not captured by the Banking Group's original management mechanisms is based first and foremost on analysing the company data provided in the course of ongoing participations controlling. The information collected also provides a starting point for actively supporting the participations from a shareholder perspective and managing the participations in keeping with the Bank's equity investment strategy. WestLB's interests as a shareholder are represented at all major Group companies in that members of the Managing Board holds seats on the supervisory boards of these companies. This kind of representation is an integral part of WestLB Group's management.

To monitor and manage risks, as the Equity Investments unit does, in a way that focuses on the health of the Bank's business is particularly important in the case of participations in companies that are exposed to self-generated risks. Equity capital is injected into fast-growing companies directly and through third-party funds. To the extent some of the funds were still being invested in and the growth companies faced a difficult economic situation in the year under review, WestLB increased its risk provisions accordingly.

### **Liquidity Risks**

Liquidity management within the WestLB Banking Group is carried out in accordance with guidelines established by WestLB AG's Asset & Liability Committee (ALCO), a Managing Board committee whose responsibilities include the structural liquidity mismatch position. While Global Financial Markets (GFM) ensures short-term liquidity, Capital & Mismatch Management (CMM) is responsible for planning and managing structural liquidity. The latter refers to ensuring the Bank's compliance with banking regulatory requirements (Principle II) and taking care of its economic liquidity. A comprehensive liquidity strategy was adopted two years ago and has been implemented in the meantime. The work that goes into determining and planning liquidity requirements is done on the basis of a proprietary information system. There is also a continuous exchange of information with WestLB Group's business, customer and product units, as well as regular meetings of the persons involved in risk management. This ensures that all necessary information is available for the timely procurement and allocation of liquid funds.

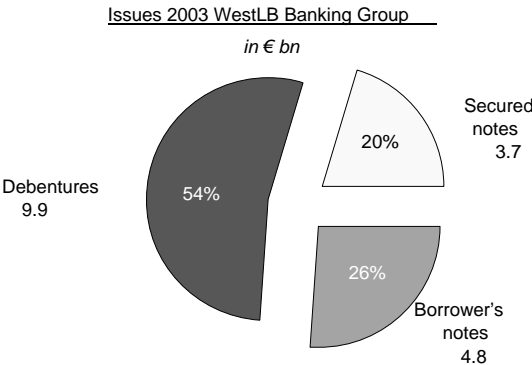
The Banking Group’s liquidity position is a regular agenda item at ALCO and Managing Board meetings. ALCO and the Managing Board are presented with a liquidity report which covers the following topics: short-term economic liquidity, credit commitments not yet drawn upon, the liquidity reserve, regulatory liquidity, large-scale investors, the amount of capital tied up, issuing activity and terms of issues.

The objective of liquidity management is to avoid a concentration of financing requirements with very short-term maturities, to keep enough liquid assets on hand for unexpected liquidity needs and, at the same time, to optimise the Bank’s structural liquidity with the help of a medium and long-term-oriented funding programme. Liquidity planning is also designed to broaden the refinancing base with banks and non-banks by maintaining a permanent presence on the money and capital markets.

The central bank function for the savings banks in North Rhine-Westphalia and Brandenburg is a focus of WestLB’s treasury activities.

WestLB Group uses customary financial instruments to procure the required liquidity. In addition to borrower’s note loans (Schuldscheindarlehen), WestLB issues debentures. As a rule, the issues are part of debt issuance programmes. WestLB AG’s subsidiaries issue secured notes. For example, WIB issues mortgage bonds (Pfandbriefe) under the German Public Mortgage Bond Act (Öffentliches Pfandbrief-Gesetz) and WestLB Covered Bond Bank plc, Dublin, issues covered bonds under Irish law.

The issuing volume of the WestLB AG Banking Group reached the record level of € 18.4 billion in 2003 (2002<sup>1</sup>: € 2.8 billion).



Short-term issues are issued as part of a € 15 billion global commercial paper programme. At year-end 2003, the volume outstanding was € 6.9 billion.

Liquidity is procured primarily in the major currencies: EUR, USD, JPY and GBP. Where necessary, the funds raised are converted into the target currency

<sup>1</sup> Excluding Westdeutsche ImmobilienBank. In 2002, the division of WestLB occurred.

using derivatives. Responsibility for liquidity optimisation is delegated to the respective local branches and subsidiaries. As far as possible, liquidity flows are kept within these local offices, with liquidity deficits and surpluses being netted; to this end there is regular contact between the regional managers.

WestLB holds a large portfolio, worth more than € 20 billion on average, of highly liquid securities which are suitable for repos and central bank tenders. As a result, WestLB has access to substantial refinancing facilities when it needs them. WestLB also maintains a portfolio worth € 5 billion on average which it uses to provide collateral for cash needs in the context of euro clearing activities.

A global liquidity contingency plan has been in place since 2001. The plan outlines the communications channels, responsibilities, procedures and steps for remedying liquidity bottlenecks. It was updated at the end of 2003.

At December 31, 2003, WestLB AG's Principle II liquidity ratio was 1.28 (December 31, 2002: 1.12). The provision of liquidity was ensured at all times in 2003.

### **Operational Risks**

The Operational Risk Management (ORM) unit of WestLB was situated in Risk Management Support & Control (RMS&C) in the year under review. ORM is the independent central management unit which sets the framework for operational risk management throughout the Bank and coordinates all related activities. The main tasks for the business units target the creation of high standards throughout the Bank for the analysis, management and monitoring of operational risk. First and foremost, this includes the use of a uniform system of self-assessment, the capture of operational losses, which are unique to each unit, and the definition of risk indicators for use in identifying and analysing operational risk as the foundation for active operational risk management.

The primary responsibility for management of operational risk rests with the business units. In the year under review, an operational risk manager was appointed for each business unit and each foreign branch. These operational risk managers will support the heads of the respective business units and branches in their work to manage operational risk. In particular, the operational risk managers are responsible for applying the standard "OpRisk" methods set by ORM. The business units also work together with central units of the Bank (e.g. contingency planning, information security, data quality management) which, because they cross business units and product lines, set guidelines that are appli-

cable to the entire Bank, perform controlling functions, provide tools, and support the development and execution of preventive measures and responses. It was in this vein that the position of Bank Security Officer was established, who is responsible for addressing all key security issues facing the Bank.

In the context of operational risks, it makes sense on a cost-benefit level for some areas to use insurance and market instruments as a means of risk transfer. On the Group level, the International Insurance Programme provides WestLB with comprehensive insurance coverage that has been pooled in one central insurance portfolio.

To minimise legal risks, the business units are supported by the Legal Department. The control and support that the Legal Department offers includes reviewing the contracts presented to it in light of risks, maintaining a lending handbook and a collateral handbook, and ongoing observation of changes in the legal environment. The Legal Department also observes the use of standard agreements and model contracts to reduce contractual risk, some of which were developed in cooperation with other banks and institutions.

One way to avoid the risks caused by the mistakes or misconduct of employees is to ensure that our employees are adequately informed. WestLB offers numerous internal and external training opportunities as part of its overall personnel development programme.

Compliance guidelines have been developed to offset the risk of insider trading. Adequate control processes initiated by central and local compliance officers ensure that the guidelines are followed.

In 2003, the loss event gathering process in place since 1999 was transformed into a new, Intranet-based IT platform. The new platform guarantees a more efficient execution of global data gathering and analysis processes. The constantly expanding data history it provides will serve as the basis for applying methods aimed at quantifying the operational risk.

A qualitative approach for analysing and evaluating operational risks has also been developed. Cause-based, this approach will examine potential sources of risk in the areas of personnel, information technology, business processes and external events. One focus will be the relevant IT applications and the main processes used in the business units. The goal of this self-assessment is to gather information that the business units can use to develop their own risk-reducing measures. This qualitative approach has enjoyed success in its first applications.

The operational risk management system undergoes constant improvement and takes into account the regulatory requirements to expect from current developments with Basle II.

### **Business Risks**

Changes in the market environment and in the prevailing technological and institutional conditions can trigger fluctuations in business volume and margins. The extent to which such changes pose business risks depends on the Group's ability to react to changes in external parameters as early as possible. The business risks are reduced if the Bank succeeds in making its use of resources in the various business units and product lines adaptable to changing conditions. WestLB will continue its work on a process to identify and measure business risks which result from cost structures that cannot be adapted to fluctuations in volume and margins within one year's time.

### **Continual Improvement of the Risk Management System**

The business strategy and risk strategy of WestLB are closely intertwined and mutually dependent on each other. A successful business focus depends on the strength of the centralised tasks of an integrated risk management system and the creation and use of the instruments required for active management.

Key tasks include:

- systematically orienting the Bank's risk profile to its risk-bearing potential
- setting limits and guidelines based on the risk-bearing potential to avoid risk clusters, minimise undesirable risks and better diversify risks
- using and making improvements to economic capital as a chief instrument in determining the risk profile, resource allocation and risk management
- strictly adhering in business development efforts to the high standards of risk management based on economic capital
- strengthening active management of the loan portfolio and improving the efficiency of loan processes
- accelerating the development of a Bank-wide system of operational risk management that meets the standards set forth in the Basle Committee's "Sound Practices for the Management and Supervision of Operational Risk" and becomes an integral component of Bank-wide risk management

- expanding the internal model for determining market price risk in the trading business into a full-use and specific-risk system that can also support active management of credit spread risks.

### **Summary of Landesbank NRW Group's Exposure**

Landesbank NRW Group has implemented measures and procedures which are suited to the Group's unique structure and which ensure an adequate assessment and management of the Group's risks.

Within the Group's overall exposure, counterparty default risk is the decisive factor. Credit volume in the broader sense was € 394.7 billion in the year under review (2002: € 416.1 billion). As of the balance sheet date, € 1.7 billion (2002: € 2.8 billion) of the country limits in countries rated C1 to C3 had been used.

The volume of interest-rate derivatives, in nominal terms, increased from € 2,014 billion at the end of 2002 to € 2,430 billion in 2003. In contrast, the credit risk equivalents were at € 13 billion (2002: € 14 billion). The average aggregate value-at-risk was € 92.4 million in the year under review (2002: € 102.9 million).

The Group's Principle I equity capital ratio at year-end 2003 was 12.7% (2002: 10.5%).

The WestLB AG sub-group substantially realigned its credit risks in the year under review with allocations to risk provisions and allowances. The risk provisions/result of evaluation for the entire Landesbank NRW Group totalled € -2,030.6 million (2002: € -1,591.9 million).

Monitoring and management procedures are continually improved in all key risk areas so that Landesbank NRW Group will retain the ability to early detect adverse developments in future, as well.

### **Looking Ahead**

The economy can be expected to recover only slowly in 2004. As in 2003, domestic demand will remain weak for the time being. Any impetus will come primarily from the reviving world economy, which is evolving into the mainspring for Germany's recovery. Gross domestic product will increase barely 2%. Un-

employment will stagnate at a high 10.6%, though the situation will improve slowly in the second half of the year.

During 2005, consumer spending is expected to revive further, and companies will be more willing to make capital expenditures. The primary impetus will be provided by the world economy, but some will also come from structural reforms that will also improve the prospects for medium-term growth. Gross domestic product will remain at a level similar to 2004, or grow slightly.

Currency developments pose a risk to the economy in Germany and the euro zone. Since the beginning of 2002, the euro has gained more than 40% against the dollar, and about 20% on against the average for all the major world currencies. The upward revaluation so far has already slowed real economic development. Another sharp rise would bring the barely incipient recovery to a halt again. Falling prices in the stock market would again become probable.

The reviving world economy is generating a moderate rise in returns on the capital market. The phase of key lending rate cuts is coming to an end. The American Federal Reserve and the European Central Bank have already signalled this to the capital markets. Changes in money-market rates will affect yields. However, movement will be substantially less dynamic than in earlier cycles, and there will be a considerable trans-Atlantic gradient. The low risk of inflation is a particularly strong indicator of this likelihood. In Europe, the sharp rise of the euro will provide additional relief in this regard. Yields on ten-year government bonds are not likely to remain above 4.75% for any extended time.

The stock markets will be buoyed by the improving overall economic prospects. Additionally, companies have been able to improve their profitability on a sustainable basis by restructuring. The projected increase in yields on the bond market is not substantial enough to dampen the mood. It will not have adverse effects. Hence there is much to argue that the three-year bear market is over, with prospects for further price gains.

#### *Outlook for the NRW.BANK Sub-Group*

Since the Restructuring Act took effect on March 31, 2004, Landesbank NRW has been NRW.BANK. NRW.BANK expects expansion to be moderate in 2004. The Bank's total assets will grow about 3% this year. Net income will match the

2003 level. Gains in net interest income and net commission income will be slightly lower than in 2003, but lower costs will improve the picture all the same. Since the Bank's staff expansion will then be complete, personnel expenses will rise only slightly. Administrative expenses will recede somewhat under rigorous cost management, combined with the expiration of service contracts with WestLB AG that served to help NRW.BANK get established. The investment interest in WestLB AG could also have a substantial effect on NRW.BANK's net income – in both a negative and a positive sense.

The Restructuring Act that took effect on March 31, 2004, establishes the legal framework for the further expansion of NRW.BANK as the main development platform for the State of North Rhine-Westphalia. The Act clearly describes NRW.BANK's duties:

NRW.BANK will provide financing:

- for safeguarding and improving the small and medium enterprise infrastructure of the economy, especially by providing funding to help establish or stabilise such businesses;
- for the promotion of publicly funded housing;
- funding for central, regional and local authorities;
- risk capital;
- for construction development in cities and smaller municipalities;
- for infrastructure development;
- for agricultural and forestry programmes, and for programmes in rural areas;
- for programmes to support environmental protection, technology and innovation;
- for social, cultural and scientific programmes;
- for projects in the public interest.

The Bank will also act even more extensively than before as an advisor and initiator for development programmes, and will remain a leader in furnishing lending support for structural policy operations in North Rhine-Westphalia.

#### *Outlook for the WestLB AG Sub-Group*

The WestLB AG sub-group will focus this year on preparing for the elimination of institutional and guarantor liability in 2005. To lay a stable foundation for the future, it will intensify its cooperation with savings banks. Working with the savings banks of North Rhine-Westphalia, WestLB AG aims to make the most of



available market potential and synergies. It expects to be particularly successful with corporate customers, asset management and the securities business. In this connection, it plans to issue binding rules soon for providing and buying products and services oriented to the needs of the savings banks and their customers.

Further cost-cutting measures will remain a priority in 2004. WestLB AG will take care that its greater cost-effectiveness will not adversely impact the revenue base by hampering the range of products and services it offers its customers. Besides a staff reduction to 6,200 by the end of 2005, the sub-group plans on additional lasting savings in operating expenditure. Outsourcing computer centre services and unifying and harmonising front office systems in the Global Financial Markets unit will substantially reduce the cost of IT production and support.

Thanks to its comprehensive revision of the lending portfolio, its future business model, and a substantial reduction in its cost base, the WestLB AG sub-group is confident it can improve operating income this year. Additional positive impetus should come from the reviving world economy.

It is impossible to quantify income or portfolios reliably for the NRW.BANK Group as a whole, because the reorganisation of ownership ratios under the parent-subsidiary model must still await the remaining guarantors' decision on whether to exercise their direct investment options. The critical factor will be what portion of the WestLB AG sub-group is still to be consolidated in the NRW.BANK Group.

## Balance Sheet at December 31, 2003 of Landesbank Nordrhein-Westfalen Group

(NRW.BANK Group as of March 31, 2004)

Assets	€	€	€	31.12.2002 € thousand
<b>1. Cash</b>				
a) cash on hand		12,590,892.81		( 18,918 )
b) balances with central banks		4,665,273,892.54		( 2,075,619 )
thereof:				
with Deutsche Bundesbank € 463.668.224,54				
c) balances in postal giro accounts		<u>0.00</u>		( 0 )
			<b>4,677,864,785.35</b>	<b>2,094,537</b>
<b>2. Debt instruments issued by public institutions and bills of exchange eligible for refinancing with central banks</b>				
a) treasury bills and discounted treasury notes as well as similar debt instruments issued by public institutions		12,527,241,417.36		( 8,607,406 )
thereof:				
eligible for refinancing with Deutsche Bundesbank € 12.248.668.259,87				
b) bills of exchange		<u>774,017.46</u>		( 17,316 )
thereof:				
eligible for refinancing with Deutsche Bundesbank € 260.661,97			<b>12,528,015,434.82</b>	<b>8,624,722</b>
<b>3. Receivables from banks</b>				
a) payable on demand		7,850,380,413.12		( 8,693,016 )
b) other		<u>87,761,584,020.17</u>		( 92,485,023 )
			<b>95,611,964,433.29</b>	<b>101,178,039</b>
<b>4. Receivables from customers</b>			<b>113,083,375,483.60</b>	<b>116,063,219</b>
thereof:				
secured by mortgages				
€ 5.101.923.811,79				
loans to public authorities and entities under public law € 32.768.443.450,72				
<b>5. Bonds and other fixed-income securities</b>				
a) money market instruments				
aa) of public institutions	1,127,184,243.05			( 156,527 )
thereof: eligible as collateral for Deutsche Bundesbank advances				
€ 0,00				
ab) of other issuers	<u>648,946,506.34</u>			( 1,762,647 )
thereof: eligible as collateral for Deutsche Bundesbank advances				
€ 0,00		1,776,130,749.39		1,919,174
b) bonds and notes	45,472,774,712.00			( 43,043,720 )
ba) of public institutions				
thereof: eligible as collateral for Deutsche Bundesbank advances				
€ 24.240.509.489,62				
bb) of other issuers	<u>44,662,918,651.98</u>			( 43,862,489 )
thereof: eligible as collateral for Deutsche Bundesbank advances				
€ 20.760.971.076,13		90,135,693,363.98		( 86,906,209 )
c) bonds issued by the Bank		<u>1,746,841,803.48</u>		( 2,279,084 )
principal amount € 1.684.326.791,71			<b>93,658,665,916.85</b>	<b>91,104,467</b>
<b>6. Shares and other non-interest bearing securities</b>			<b>5,027,875,629.76</b>	<b>4,872,406</b>
<b>7. Equity investments in non-affiliated companies</b>			<b>3,635,765,669.02</b>	<b>4,429,449</b>
thereof:				
banks € 480.283.066,13				
financial services institutions € 4.072.363,87				
<b>8. Equity investments in associated companies</b>			<b>1,396,737,828.46</b>	<b>1,910,936</b>
<b>9. Equity investments in affiliated companies</b>			<b>644,330,404.73</b>	<b>130,367</b>
thereof:				
banks € 111.003.284,53				
financial services institutions € 61.483.646,13				
<b>10. Trust assets</b>			<b>3,163,378,847.04</b>	<b>3,165,328</b>
thereof:				
Trust loans € 2.788.401.814,04				
<b>11. Equalisation claims against public authorities including bonds and notes issued in substitution thereof</b>			<b>289,463,538.68</b>	<b>417,076</b>
<b>12. Intangible assets</b>			<b>43,952,552.80</b>	<b>65,773</b>
thereof: goodwill € 40.625.059,04				
<b>13. Fixed assets</b>			<b>2,225,904,059.13</b>	<b>2,748,454</b>
<b>14. Other assets</b>			<b>6,148,797,412.45</b>	<b>5,287,780</b>
<b>15. Deferred items</b>			<b>3,154,760,094.74</b>	<b>3,598,282</b>
<b>Total assets</b>			<b><u>345,290,852,090.72</u></b>	<b><u>345,690,835</u></b>

## Balance Sheet at December 31, 2003 of Landesbank Nordrhein-Westfalen Group

(NRW.BANK Group as of March 31, 2004)

Liabilities	€	€	€	31.12.2002 € thousand
<b>1. Liabilities to banks</b>				
a) payable on demand		12,493,307,968.75		( 14,206,961 )
b) with agreed maturity or period of notice		<u>115,136,764,006.34</u>		( 124,393,765 )
			<b>127,630,071,975.09</b>	138,600,726
<b>2. Liabilities to customers</b>				
a) saving deposits				
aa) with agreed period of notice of three months	343,356.69			( 33,001 )
ab) with agreed period of notice of more than three months	<u>0.00</u>			( 0 )
		<u>343,356.69</u>		( 33,001 )
b) other liabilities				
ba) payable on demand	16,692,711,310.94			( 15,755,928 )
bb) with agreed maturity or period of notice	<u>65,813,149,819.29</u>			( 59,517,089 )
		<u>82,505,861,130.23</u>		( 75,273,017 )
			<b>82,506,204,486.92</b>	75,306,018
<b>3. Certificated liabilities</b>				
a) bonds and notes issued by the Bank		69,163,825,796.57		( 57,615,838 )
b) other certificated liabilities		<u>35,047,157,109.69</u>		( 43,744,548 )
thereof: money market instruments € 26.233.236.379,82 own acceptances and promissory notes outstanding € 0,00			<b>104,210,982,906.26</b>	101,360,386
<b>4. Trust liabilities</b>			<b>3,163,378,847.04</b>	3,165,328
thereof: trust loans € 2.788.401.814,04				
<b>5. Other liabilities</b>			<b>10,091,019,189.96</b>	8,266,859
<b>6. Deferred items</b>			<b>1,083,074,878.84</b>	819,669
<b>7. Provisions</b>				
a) for pensions and similar obligations		1,269,482,514.79		( 1,223,610 )
b) tax reserve		416,094,549.06		( 435,152 )
c) other		<u>1,667,072,107.21</u>		( 1,509,354 )
			<b>3,352,649,171.06</b>	3,168,116
<b>8. Special item with partial reserve character</b>			<b>0.00</b>	3,986
<b>9. Subordinated liabilities</b>			<b>4,856,274,568.43</b>	5,391,551
thereof: due in less than two years € 767.488.511,88				
<b>10. Profit participation capital</b>			<b>2,894,888,905.34</b>	2,785,242
thereof: due in less than two years € 11.217.469,34				
<b>11. Fund for general banking risks</b>			<b>295,909,457.61</b>	261,915
<b>12. Equity capital</b>				
a) subscribed capital		500,000,000.00		( 500,000 )
b) capital reserves		4,416,622,099.06		( 6,212,125 )
thereof: special reserves pertaining to the Wohnungsbau- förderungsanstalt € 3.016.622.099,06				
c) consolidation excess		-1,424,769,008.29		( -176,749 )
d) reserves from retained earnings				
da) legal reserves	0.00			( 0 )
db) reserves required by Landesbank NRW's statutes	2,400,000.00			( 2,400 )
dc) other reserves	0.00			( 0 )
		<u>2,400,000.00</u>		( 2,400 )
e) silent capital contribution to WestLB AG		837,077,996.52		( 0 )
f) preferred shares		869,196,198.00		( 0 )
g) equalisation items for shares of other shareholders		5,870,418.88		( 2,463 )
h) profit		<u>0.00</u>		( 20,800 )
			<b>5,206,397,704.17</b>	<u>6,561,039</u>
<b>Total liabilities</b>			<b>345,290,852,090.72</b>	<b>345,690,835</b>
<b>1. Contingent liabilities</b>				
a) liabilities relating to negotiated bills of exchange		12,989,028.26		( 600 )
b) liabilities from guarantees and indemnity agreements		15,338,811,223.49		( 18,012,478 )
c) liabilities relating to collateral given for third-party liabilities		<u>28,710.14</u>		( 27 )
			<b>15,351,828,961.89</b>	18,013,105
<b>2. Other commitments</b>				
a) commitments from unguenuine repurchase agreements		0.00		( 0 )
b) placing and underwriting commitments		3,352,986.00		( 98 )
c) irrevocable credit commitments		<u>67,216,176,212.35</u>		( 80,045,579 )
			<b>67,219,529,198.35</b>	80,045,677
<b>3. Administered funds</b>			<b>30,010,808,838.00</b>	36,040,159

**Profit and loss account of Landesbank Nordrhein-Westfalen Group  
for the period from January 1 to December 31, 2003**

(NRW.BANK Group as of March 31, 2004)

	€	€	€	01.01.-31.12.2002 thousand €
<b>1. Interest from</b>				
a) lending and money market transactions	8,796,624,325.08			( 10,459,848 )
b) fixed-income securities and book-entry securities	<u>3,898,403,093.74</u>	12,695,027,418.82		( 3,576,614 ) ( 14,036,462 )
<b>2. Interest paid</b>		<u>11,005,111,099.49</u>	<b>1,689,916,319.33</b>	( 12,703,420 ) 1,333,042
<b>3. Current income from</b>				
a) shares and other non-interest bearing securities		232,312,629.20		( 189,386 )
b) equity investments in non-affiliated companies		118,859,502.79		( 193,539 )
c) equity investments in affiliated companies		<u>84,134,432.50</u>	<b>435,306,564.49</b>	( 17,814 ) 400,739
<b>4. Income from equity investments in associated companies</b>			<b>103,855,083.94</b>	103,438
<b>5. Income from profit pooling, profit transfer and partial profit transfer agreements</b>			<b>19,473,550.96</b>	10,911
<b>6. Commission income</b>		665,628,246.97		( 920,730 )
<b>7. Commissions paid</b>		<u>226,793,730.33</u>	<b>438,834,516.64</b>	( 227,835 ) 692,895
<b>8. Net income from financial operations</b>			<b>1,406,359.36</b>	177,388
<b>9. Income from leasing operations</b>			<b>183,526,358.89</b>	240,297
Expenses from leasing operations			<b>461,314,194.69</b>	180,723
<b>10. Other operating income</b>			<b>473,579,082.84</b>	836,846
<b>11. Income from reversal of special item with partial reserve character</b>			<b>3,985,694.34</b>	5,836
<b>12. General administrative expenses</b>				
a) personnel expenses				
aa) wages and salaries	853,290,490.17			( 990,887 )
ab) social security contributions and expenses for pensions and other employee benefits thereof	<u>276,170,964.36</u>	1,129,461,454.53		( 400,078 ) ( 1,390,965 ) ( )
for pensions € 177.666.218,26				
b) other administrative expenses		<u>795,491,627.13</u>	<b>1,924,953,081.66</b>	( 958,958 ) 2,349,923
<b>13. Write-down and value adjustments on intangible and tangible fixed assets</b>			<b>155,769,690.55</b>	197,849
<b>14. Other operating expenses</b>			<b>119,569,798.01</b>	477,003
<b>15. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions</b>			<b>1,554,816,041.54</b>	1,921,555
<b>16. Write-down and value adjustments on equity investments in non-affiliated companies, equity investments and securities treated as fixed assets</b>			<b>444,315,950.11</b>	0
<b>17. Income from equity investments in non-affiliated companies, equity investments in affiliated companies and securities treated as fixed assets</b>			<b>0.00</b>	359,322
<b>18. Expenses from the assumption of losses</b>			<u><b>35,372,848.40</b></u>	35,473
<b>19. Profit or loss on ordinary activities</b>			<b>-1,346,228,074.17</b>	<b>-1,001,811</b>
<b>20. Extraordinary income</b>		4,142,323.59		( 23,312 )
<b>21. Extraordinary expenses</b>		<u>401,264,642.66</u>		( 104,026 )
<b>22. Net extraordinary result</b>			<b>-397,122,319.07</b>	-80,714
<b>23. Income tax</b>		81,091,920.23		( 69,430 )
<b>24. Other taxes, not shown under "other operating expenses"</b>		<u>14,820,087.84</u>	<b>95,912,008.07</b>	( 17,256 ) 86,686
<b>25. Net loss for the year</b>			<b>-1,839,262,401.31</b>	<b>-1,169,211</b>
<b>26. Withdrawals from profit reserves</b>				0
a) legal reserves		0.00		
b) reserves required by Landesbank NRW's statutes		0.00		
c) other reserves		0.00		
d) Group reserves		<u>0.00</u>	<b>0.00</b>	0
<b>27. Allocation to capital of Landeswohnungsbauvermögen Wfa</b>			<b>25,397,095.70</b>	63,054
<b>28. Withdrawal from capital reserves</b>			<u><b>1,795,502,914.87</b></u>	0
<b>29. Offsetting with capital reserves</b>			<b>71,411,335.25</b>	1,255,834
<b>30. Allocation to reserves</b>				
a) legal reserves		0.00		
b) reserves required by Landesbank NRW's statutes		0.00		( 2,400 )
c) other reserves		0.00		
d) Group reserves		<u>0.00</u>	<b>0.00</b>	2,400
<b>31. Profit attributable to shareholders outside the Group</b>		2,440,291.13		( 820 )
Loss apportionable to shareholders outside the Group		<u>185,538.02</u>	<b>2,254,753.11</b>	( 451 ) 369
<b>32. Group profit</b>			<u><b>0.00</b></u>	<b>20,800</b>

**Notes to the Landesbank Nordrhein-Westfalen  
Group Annual Accounts at December 31, 2003  
(NRW.BANK as of March 31, 2004)**

## **Preparation of Landesbank NRW's Group Annual Accounts**

Landesbank Nordrhein-Westfalen's consolidated annual accounts were prepared in accordance with the provisions of the German Commercial Code (HGB) and the Ordinance Regarding Accounting for Banks and Financial Services Institutions (RechKredV). Information which may appear either in the balance sheet or the Notes is included in the Notes. Amounts in the Notes are listed in € millions.

In preparing the consolidated annual accounts, the following German Accounting Standards (GAS) published by the German Accounting Standards Committee (GASC) were applied:

- GAS 2 Cash Flow Statements and GAS 2–10 Cash Flow Statements of Financial Institutions
- GAS 3 Segment Reporting and GAS 3–10 Segment Reporting by Financial Institutions
- GAS 5 Risk Reporting and GAS 5–10 Risk Reporting by Financial Institutions and Financial Service Institutions
- GAS 7 Group Equity and Total Recognised Results

GAS 8 - Accounting for Investments in Associated Enterprises in Consolidated Financial Statements – was applied in most cases. As a rule, a test to determine the lower of cost or market value, as set forth in GAS 8.28, was conducted for any associated enterprise valued with the equity method.

The remaining GAS were applied where their use is mandatory.

In accordance with Section 4 of its articles and bylaws, Landesbank NRW transferred the registered capital and reserves of Wohnungsbauförderungsanstalt Nordrhein-Westfalen (Wfa), as well as the state housing promotion assets, to the special reserves pertaining to the Wohnungsbauförderungsanstalt. Wfa's profit of € 25.4 million (2002: 63.1 million) is to be allocated to the state housing promotion assets pursuant to Section 17 of the German Housing Promotion Act (WBFVG) in conjunction with Section 27 of Landesbank NRW's articles and bylaws.

### **Consolidation Principles**

The accounts of the key Group companies are, as required by law, uniformly prepared in accordance with the accounting and valuation methods applicable to Landesbank NRW. Claims and liabilities, expenses and income, existing or arising between companies included in the Group accounts are eliminated. As a rule, intra-group sales of intra-group transaction are eliminated in the statement of income. Where necessary, a deferred tax item is formed to cover any consolidation measures affecting net income.

Deferred tax items are netted against each other in compliance with Section 306 of the German Commercial Code and the balance is reported accordingly. A deferred tax asset is formed when a tax expense arises at the relevant Group-company in the course of the year. Deferred tax assets are also used to match deferred tax liabilities.

The annual accounts of those international subsidiaries belonging to the WestLB AG sub-group (WestLB AG and its subsidiaries) that prepare their accounts in a foreign currency were translated using the reference rates of the European Central Bank at December 30, 2003.

Valuation differences arising from exchange-rate adjustments in previous years are netted against Group reserves, rather than reflected in the statement of income.

When Group companies are consolidated for the first time, the book value method is used, with valuation as at the effective date of acquisition.

The at-equity valuation of 27 associated companies (2002: 25) was performed according to the book value method. As a rule, the basis for valuation was their effective date of acquisition. In the case of the at-equity valuations stemming from the WestLB AG sub-group, however, the initial consolidations as of the respective group balance sheet date were kept. Any valuation methods used for associated companies which deviate from those applied by Landesbank NRW are not adjusted. We are aware of no facts requiring the elimination of intra-group results with associated companies. Positive consolidation balances resulting from the first-time consolidation of companies valued according to the equity method are also offset against Group reserves. Negative valuation balances resulting from the consolidation of such companies are generally not reflected in Group reserves.

When associated companies of the WestLB AG sub-group demonstrate changes in their equity capital that have no or no clearly identifiable impact on earnings, such changes are reflected in their equity values on a pro rata basis, but are not recognised in income. In order to comply with changes in the prevailing commentary opinion and with regard to the forthcoming transition to IFRS, hybrid equity components which were granted on a non-company-law basis to non-Group companies invested in the associated companies were no longer included in the equity valuation, or in Group equity, for the first time in the year under review. Examples include silent contributions of € 365.8 million made to LSH and LRP, which were included in the respective equity values in previous years, but not recognised in income.

Owing to these changes, the negative equalisation item resulting from the first-time consolidation of the WestLB sub-group became a positive consolidation balance of € 724.6 million, which was correctly offset against reserves in accordance with Section 309 of the German Commercial Code (HGB).

Due to such pro rata adjustments to the equity values of LSH/HSB Nordbank AG and Landesbank Rheinland-Pfalz Girozentrale, there was a decrease of € 478.0 million in Group reserves that was not recognised in income. The adjustments were not recognised in income because the increases in the companies' equity values in the past were also not recognised in income.

In keeping with the valuation changes described above, the preferred shares of investors in New York Capital Investments and the silent contributions to WestLB AG made by the guarantors of Landesbank NRW are reported separately after the equity capital belonging to the Group.

Unless they are netted as part of capital consolidation, the profits/losses of the consolidated subsidiaries are reported under Group reserves. The Group reserves contain the results of consolidation measures both affecting and not affecting profit. Group profit is identical to that of Landesbank NRW.

## Companies Included in the Group Annual Accounts

At the end of fiscal year 2003, Landesbank NRW had a total of 452 affiliated companies, of which 81 (75 of them belonging to the WestLB AG sub-group) were included in the Group annual accounts. The following table classifies the companies of Landesbank NRW Group:

Companies of Landesbank NRW Group					
	Previous Year	Additions	Subtractions	Conversions	Report Year
<b>Affiliated companies</b>	<b>260</b>	<b>201</b>	<b>20</b>	<b>11</b>	<b>452</b>
included in the Group accounts	95	3	5	-12	81
not included in the Group accounts pursuant to Section 296 (1) N° 2 and 3 or (2) of the German Commercial Code (HGB)	163	198	15	23	369
not included in the Group accounts pursuant to Section 295 (1) of the German Commercial Code (HGB)	2	0	0	0	2
<b>Jointly managed companies</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>-11</b>	<b>0</b>
<b>Associated companies</b>	<b>32</b>	<b>48</b>	<b>6</b>	<b>0</b>	<b>74</b>
valued at equity pursuant to Section 312 (1) of the German Commercial Code (HGB)	25	7	5	0	27
not valued at equity pursuant to Section 311 (2) of the German Commercial Code (HGB)	7	41	1	0	47

Among the 81 affiliated companies included in the Group annual accounts are the companies of the sub-groups, Boullioun Aviation Services Inc. and Westdeutsche ImmobilienBank, which are consolidated into the WestLB AG sub-group.

Three Group companies were added as a result of newly-formed companies in the Boullioun Aviation Services Inc. sub-group. The subtraction of five Group companies is the result of one sale and 4 intra-group mergers. The net total of twelve conversions is the result of the following changes:

In order to streamline the number of companies included in the Group accounts, 24 companies were deconsolidated because of their minor importance to the Group and captured with those companies not included in the Group accounts pursuant to Section 296 (2) of the German Commercial Code (HGB). The cumulative effect of all deconsolidations was immaterial. One company was consolidated for the first time in the year under review into the accounts of sub-group Boullioun Aviation Services Inc. Eleven jointly-managed companies of Westdeutsche ImmobilienBank became consolidated affiliates, which resulted in a negative consolidation balance of € 6.8 million attributable to the Westdeutsche ImmobilienBank sub-group. This amount was added to Group reserves.

A total of 369 affiliated companies were not included in the Group accounts because they are of only minor importance to the Group's net assets, financial condition and earnings or because the shares in them are held solely for resale. Of these, 135 companies alone are part of Klöckner & Co AG, whose shares were first added in the year under review and are held for the purpose of being sold. Subsidiaries of minor importance of Westdeutsche ImmobilienBank are also included, which are to be classified as subsidiaries given WestLB AG's acquisition of the remaining 50% of Westdeutsche ImmobilienBank. Subtractions are the result of sales, liquidations and intra-group mergers.

The aggregate unconsolidated assets of the companies which were not consolidated due to their minor importance accounted for 0.99% of total Group assets. This amount is mainly due to one case of recapitalisation. The ratio of the net income of the unconsolidated companies to the net profit for the year after tax was 7,15%. Excluding the case of the company in the process of recapitalisation the ratio decreases to 1,57%.

Moreover, two affiliated companies are not included in the Group accounts because their inclusion is prohibited pursuant to Section 295 of the German Commercial Code (HGB). Their line of business as relief funds differs from that of Landesbank NRW Group.

Forty-seven (2002: 7) associated companies are not valued at-equity since they are of only minor importance to the Group's net assets, financial condition and earnings. A review of non-affiliated companies on the basis of the criteria set forth in Section 311 of the German Commercial Code (HGB) for treatment of companies as associated companies resulted in the net addition of 40 companies in which WestLB AG exercises a controlling influence. 27 of which are attributable to the Westdeutsche ImmobilienBank sub-group.

## Accounting and Valuation Principles

Landesbank NRW's accounting principles, valuation principles and reporting procedures are applicable to the entire Group. In accordance with the legal requirements, the financial accounts of the individual affiliated companies and jointly managed companies included in the Group annual accounts are as a rule prepared uniformly in accordance with Landesbank NRW's standard accounting and valuation methods.

Assets, liabilities and open positions are valued in accordance with Sections 340 et seq. of the German Commercial Code (HGB), in conjunction with Sections 252 et seq. of the German Commercial Code (HGB).

Claims are reported at their amortised cost less any discounts. Liabilities are carried at their repayment amounts, with any related discounts reported under deferred items. Premiums on claims and liabilities are reported under deferred items as an asset or liability respectively. The proportionate amount of interest on a claim or liability at year-end is generally included with the claim or liability to which it applies. Deferred items resulting from own bonds issued and the lending business are valued according to the proportionate interest method. Non-interest-bearing loans to employees are reported at their amortised cost in accordance with tax regulations. The non-interest or low-interest-bearing loans of the Wohnungsbauförderungsanstalt (Wfa) are carried at their net present value. Zero-coupon bonds are carried as liabilities at their issue price plus interest accrued as of the reporting date.

Bills of exchange, as well as treasury bills and non-interest-bearing treasury bonds, are discounted and shown with the effective discount rate.

Discernible risks in the lending business were adequately covered by individual value adjustments and provisions. A global provision was formed in accordance with tax valuation methods for latent risks from claims and contingent liabilities. Value adjustments were deducted from assets. Non-performing loans were written off.

Securities held in the liquidity reserve and the hedging transactions attributable to them are valued strictly at the lower of cost or market value.



Securities held in the investment portfolio (financial assets) are valued at cost; where a loss of value is expected to be permanent, they are written down to the lower fair value. Any difference between the cost and the repayment amount is recognised on a pro rata basis in income. To the extent that securities held in the investment portfolio are carried at values higher than their current market value, these securities are shown in the Notes as valued as fixed assets. This information is subject to change over time because of portfolio changes, as well as movements in interest rates and/or market value.

Shares, bonds, derivatives and other trading instruments held by the West LB AG sub-group for proprietary trading purposes are reported at their individual market values as of the balance sheet date.

They are carried either at market value or their fair value as at December 30, 2003 (last trading day for liquid markets); pro-rata interest, non-recurring payments, and option premiums are taken into account. The individual results of valuation are combined into Group-wide macro portfolios; the currencies of countries belonging to the euro-zone are combined into one item. The portfolios are broken down into risk categories (interest rates, shares and other price risks) and, within these risk categories, into currencies, classes of shares and other basic instruments. Positive and negative valuation results are netted within the macro portfolios; if any positive valuation results, i.e. unrealised gains, remain, then these unrealised gains are netted against realised losses. Any unrealised gains remaining after that are not recognised in income; any remaining unrealised losses are written down and provisions are established. The current results from the trading portfolio (interest income, dividends), as well as refinancing costs, were reported as part of the interest result in the statement of income. Price gains and losses resulting from trading transactions, payments obtained and received under forward contracts and other derivative instruments, as well as options, are included in the net income from trading operations. The dividend income from certain equity trading portfolios is also included in the net income from trading operations.

Equity investments in associated companies of minor importance and in other non-affiliated companies are captured in the balance sheet item "Equity investments in non-affiliated companies." Equity investments in subsidiaries of minor importance are captured under "equity investments in affiliated companies." Equity investments in unconsolidated affiliates and non-affiliated companies are carried at cost; where a loss of value is expected to be permanent, they are written down to the lower fair value.

As a rule, the book value of the associated companies reported in the Group annual accounts at equity is tested for impairment on the balance sheet date pursuant to GAS 8.28. The value of these associated companies is written down if the equity value exceeds the fair value. Where there is no longer a loss of value, the equity value is used.

Tangible assets with a limited useful life and intangible assets acquired against payment with a limited useful life are depreciated in accordance with the applicable tax regulations. Low-value assets are written off in full in their year of purchase. Aircraft listed under leased assets are depreciated to a residual value of 20% over a 20-year period.

Adequate provisions have been made for contingent liabilities and anticipated losses from open positions. A provision for anniversary expenses has been established in the amount permitted under tax law. The provision for pensions was established on the basis of actuarial principles in accordance with Section 6 (a) of the German Income Tax Act (EStG). Provisions for supplementary benefits (Beihilfeleistungen) accruing to pensioners and active employees upon retirement were also made in the year under review following an expert opinion on case law handed down by the Federal Fiscal Court (Bundesfinanzhof).

There is a fund for general bank risks pursuant to Section 340 (g) and reserves pursuant to Section 340 (f) of the German Commercial Code (HGB).

## Translation of Foreign Currencies

Foreign currency amounts have been translated in accordance with Section 340 (h) of the German Commercial Code (HGB) and statement BFA 3/1995 (Banking Committee of the Institute of German Certified Public Accountants). Assets and liabilities denominated in foreign currencies, as well as open spot deals, are translated using the ECB reference rates effective on December 30, 2003. Open forward contracts (forward exchange transactions, foreign currency options and foreign currency futures) are carried at the mean forward rate or option premium effective on that day (last trading day for the liquid market). Income and expenses for which a particular exchange rate has been agreed are translated at the respective hedge rate. Swap premiums on hedged balance sheet items are deferred and amortised over time. The amortisation amounts are included in the interest result.

Each of the items on LB NRW Group's balance sheet, as well as each open position, which is denominated in a foreign currency has been covered by an item that is also denominated in that currency as defined by Section 340 (h) (2) Sentence 2 of the German Commercial Code (HGB). Therefore, in accordance with Section 340 (h) (2) Sentences 1 and 2 of the German Commercial Code (HGB), all expenses and income generated from the translation of foreign currency are captured in the statement of income. No income had to be reported separately since the foreign exchange positions open as of the balance sheet date were short-term. The negative result from the valuation of individual open positions has been netted and reported under other liabilities.

## Balance Sheet

### Claims on Banks (1)

Breakdown by Maturity	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Payable on demand	7,850.4	8,693.0
With residual maturities of		
- up to 3 months	37,209.5	36,937.1
- between 3 months and 1 year	14,348.6	14,836.8
- between 1 and 5 years	21,832.7	24,706.6
- more than 5 years	14,370.8	16,004.5
<b>Total claims on banks</b>	<b>95,612.0</b>	<b>101,178.0</b>

Claims on banks include claims on affiliated companies not included in the Group accounts to the extent of € 82.2 million (2002: € 0 million) and claims on companies in which equity investments are held to the extent of € 2,996.8 million (2002: € 4,922.9 million). Leasing activities account for claims of € 329.4 million (2002: € 456.9 million).

## Claims on Customers (2)

Breakdown by Maturity	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
With residual maturities of		
- up to 3 months	29,222.0	35,092.6
- between 3 months and 1 year	14,663.6	16,863.4
- between 1 and 5 years	32,379.9	30,429.5
- more than 5 years	36,817.9	33,677.7
<b>Total claims on customers</b>	<b>113,083.4</b>	<b>116,063.2</b>
including:		
- claims with indefinite maturities	2,945.5	2,087.0
- loans of the Wohnungsbauförderungsanstalt	4,746.1	4,615.8
- from leasing activities	1,472.0	1,496.1

Claims on customers include claims on affiliated companies not included in the Group accounts to the extent of € 855.9 million (2002: € 207.3 million) and claims on companies in which equity investments are held to the extent of € 5,070.1 million (2002: € 3,880.0 million).

## Claims Secured by Mortgages (3)

Breakdown by Maturity	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Claims on customers with residual maturities of		
- up to 3 months	175.2	239.2
- between 3 months and 1 year	207.4	208.0
- between 1 and 5 years	823.1	1,030.8
- more than 5 years	3,896.2	4,237.4
<b>Total claims secured by mortgages</b>	<b>5,101.9</b>	<b>5,715.4</b>

## Bonds and Other Interest-Bearing Securities (4)

Marketability	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Bonds and other interest-bearing securities		
- listed on a stock exchange	79.213,8	73.339,4
- not listed on a stock exchange	14.444,9	17.765,1
<b>Total bonds and other interest-bearing securities</b>	<b>93.658,7</b>	<b>91.104,5</b>
including:		
amounts that will become due by December 31 of the following fiscal year	16.509,3	25.548,2

Bonds and other interest-bearing securities include € 486.8 million (2002: € 0 million) in securities of affiliated companies not included in the Group accounts and € 2,528.3 million (2002: 2,024.1 million) in securities of companies in which equity investments are held.

Of the total bonds and other interest-bearing securities, € 28,141.3 million (2002: € 36,097.9 million) is carried on the trading book, € 1,934.2 million (2002: € 3,148.4 million) is held as part of the liquidity reserve and € 63,583.2 million (2002: € 51,755.1 million) is held in the investment portfolio.

At December 31, 2003, Landesbank NRW Group carried € 16,645.3 million (2002: € 6,850.7 million) in financial assets on its books that were funded at a fixed rate and valued as fixed assets.

## Shares and Other Non-Interest-Bearing Securities (5)

Marketability	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Shares and other non-interest-bearing securities		
- marketable	2,273.1	2,133.3
- non-marketable	2,754.8	2,739.1
<b>Total shares and other non-interest-bearing securities</b>	<b>5,027.9</b>	<b>4,872.4</b>

Of the € 2,273.1 million (2002: € 2,133.3 million) in marketable shares and other non-interest-bearing securities, € 1,728.6 million (2002: € 1,898.4 million) are listed on a stock exchange.

Of the total shares and other non-interest-bearing securities, € 1,332.6 million (2002: € 1,068.3 million) is carried on the trading book, € 447.6 million (2002: € 818.7 million) is held as part of the liquidity reserve and € 3,247.7 million (2002: € 2,985.4 million) is held in the investment portfolio.

The item "shares and other non-interest-bearing securities" includes shares in special funds held by WestLB totalling € 2,754,8 million (2002: € 2,688.2 million). The funds themselves consist mainly of listed securities and are included in the investment portfolio.

## Equity Investments in Non-Affiliated, Associated and Affiliated Companies (6)

Landesbank NRW Group holds € 3,635.8 million (2002: € 4,429.4 million) in equity investments in non-affiliated companies, € 1,396.7 million (2002: € 1,910.9 million) in equity investments in associated companies, and € 644.3 million (2002: € 130.4 million) in equity investments in affiliated companies.

The itemised list of Landesbank NRW's holdings pursuant to Section 313 (2) of the German Commercial Code (HGB) in conjunction with Section 285 N° 11 of the German Commercial Code (HGB) has been deposited with the Local Court (Amtsgericht) of Düsseldorf (HRA 15277) and the Local Court (Amtsgericht) of Münster (HRA 5300).

The consolidated subsidiary Westdeutsche Spielbanken GmbH & Co. KG, Münster, is exempt from the obligation to publish its annual accounts under Section 264 (b) of the German Commercial Code (HGB).

Non-affiliated, associated and affiliated companies in which Landesbank NRW Group holds a substantial interest

Equity Investments in Non-Affiliated and Associated Companies	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
<b>Total</b>	<b>5,032.5</b>	<b>6,340.4</b>
including		
- banks	1,377.9	2,314.9
- financial services institutions	4.1	4.3
- other companies	3,650.5	4,021.2
Breakdown by marketability		
- marketable securities	2,431.9	4,380.8
- listed on a stock exchange	2,287.0	2,620.7
- not listed on a stock exchange	144.9	1,760.1

Equity Investments in Affiliated Companies	Dec. 31, 2003 €millions	Dec. 31, 2002 €millions
<b>Total</b>	<b>644.3</b>	<b>130.4</b>
including		
- banks	111.0	0.0
- financial services institutions	61.5	0.6
- other companies	471.8	129.8
Breakdown by marketability		
- marketable securities	396.1	16.1
- listed on a stock exchange	0.0	0.0
- not listed on a stock exchange	396.1	16.1

## Shareholdings in Major Corporations

Landesbank NRW Group holds more than 5% of the voting rights in the following companies (disclosure pursuant to Section 340 (a) (4) N° 2 of the German Commercial Code (HGB)):

AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt/Main  
Asia Leasing Ltd., Hamilton, Bermuda  
AXA Investment Managers Deutschland GmbH, Cologne

Babcock Borsig Aktiengesellschaft, Oberhausen  
BAHC (Bermuda) One Ltd., Hamilton, Bermuda  
Banca Carige S.p.A., Genoa  
Banque Européenne pour l'Amérique Latine (BEAL) S.A., Brussels  
Bellevue Aircraft Leasing Ltd., Dublin  
Boullioun Aviation Services (International), Inc., Hamilton, Bermuda  
Boullioun Aviation Services (Netherlands), B.V., Amsterdam  
Fraikin Groupe S.A., Levallois Perret  
Girindus AG, Bergisch Gladbach  
Herlitz AG, Berlin  
Metro Capital B.V., Venlo-Blerick  
Nordex Aktiengesellschaft, Norderstedt  
Northern Aircraft Leasing AS, Oslo  
OP Team Estate Management SAS (OTEM), Paris  
Orsay Asset Management, Paris  
Orsay Gestion, Paris  
Orsay Wagram, Paris  
Rainier Aircraft Leasing (Ireland) Ltd., Dublin  
RW Holding Aktiengesellschaft, Düsseldorf  
Société Financière Aquitaine S.A., Paris  
TA Triumph-Adler AG, Nuremberg  
Technotrans AG, Sassenberg  
The Wireless Group plc., London  
TUI AG, Berlin and Hanover  
WestLB Administration Inc., New York  
WestLB (Hungaria) Inyatlan Kereskedelmi Kft. I.L., Budapest  
West Private Capital GmbH, Stuttgart  
West RM – West Risk Markets AG, Zug

Landesbank NRW Group companies hold more than 5% of the voting rights in the following major corporations which are included in the consolidated accounts with the equity method:

Deutsche Anlagen-Leasing GmbH, Mainz  
 HSH Nordbank AG, Hamburg/Kiel  
 Landesbank Rheinland-Pfalz Girozentrale, Mainz  
 Singapore Aircraft Leasing Enterprise Pte. Ltd., Singapore

### Shareholdings in Partnerships

WestLB AG is a general partner of the following companies:

Darnley Estates Unlimited, Dublin  
 GbR Industrie- und Handelskammer Rheinisch-Westfälische-Börse, Düsseldorf  
 Gie MM Cogene 2, Paris  
 GLB GmbH & Co. OHG, Frankfurt a. M.  
 Grundstücksgesellschaft am Fürstenwall (GbR), Düsseldorf  
 Secofinance WestLB, Paris  
 Société Civile Immobilière Franco-Allemande (SCIFA), Paris  
 Woolgate Investments CV, Dublin

### Trust Assets (7)

Breakdown by Asset Type	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Claims on banks	139.8	159.2
Claims on customers	2,648.6	2,631.0
Bonds and notes	0.0	0.1
Participations in RWI-Fonds	375.0	375.0
<b>Total trust assets</b>	<b>3,163.4</b>	<b>3,165.3</b>

### Other Assets (8)

The total figure of € 6,148.8 million (2002: € 5,287.8 million) chiefly consists of:

Dec. 31, 2003 € millions	Dec. 31, 2002 € millions	
1,605.6	1,790.2	in premiums for options
2,357.4	1,506.2	in offsetting entries from the valuation of the trading portfolio (excluding currency valuation)
724.8	801.2	in refund claims for corporate income tax and investment income tax withheld on investment income and dividends
139.3	183.0	in down payments on fixed assets
43.4	2.6	in claims from deferred tax assets

## Fixed Assets (9)

Schedule of Fixed Assets						
€ millions	Acquisition Cost/Cost of Production Jan. 1, 2003	Additions	Retirements	Total Depreciation and Amortisation	Net Book Value Dec. 31, 2003	Depreciation/Amortisation/Write-Ups in the Fiscal Year
Bonds/Shares and other interest-bearing securities forming part of fixed assets	54.655,8	Net change pursuant to § 34 (3) Sentence 2 RechKredV: € 9,496.3 million			65.783,4	-18,5
Equity investments in affiliated companies	520,8				644,3	129,9
Equity investments in non-affiliated and associated companies	7.223,2				5.032,5	564,9
Intangible assets	14,5	2,3	5,3	8,2	3,3	1,8
Goodwill	82,4	65,9	54,0	53,7	40,6	11,9
Land and buildings	410,0	84,1	124,4	169,1	200,6	31,7
Office equipment	1.194,7	190,6	236,3	850,9	298,1	107,0
Leasing assets	2.497,9	566,9	638,7	707,7	1.718,7	437,7
Other fixed assets	20,3	14,5	16,5	9,8	8,5	3,4

## Deferred Items (10)

Breakdown of Deferred Items	Dec. 31, 2003	Dec. 31, 2002
	€ millions	€ millions
Premiums from claims	25.5	18.4
Discounts from underwriting business	375.5	376.1
Discounts from liabilities	722.1	857.5
Other deferred items	2,031.7	2,346.3
<b>Total deferred items</b>	<b>3,154.8</b>	<b>3,598.3</b>

## Subordinated Assets (11)

The following items include subordinated assets:

Breakdown by Asset Type	Dec. 31, 2003	Dec. 31, 2002
	€ millions	€ millions
Claims on banks	334.2	235.6
Claims on customers	164.5	263.8
Bonds and other interest-bearing securities	74.2	0.0
Shares and other non-interest-bearing securities	0.0	0.0
Equity investments in non-affiliated companies	4.2	0.0
<b>Total</b>	<b>577.1</b>	<b>499.4</b>

## Pledged Assets (12)

Of the assets shown, Landesbank NRW Group pledged € 52,933.9 million (2002: € 50,478.2 million) under repurchase agreements.

### Liabilities to Banks (13)

Breakdown by Maturity	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Payable on demand	12,493.3	14,207.0
With residual maturities of:		
- up to 3 months	65,843.3	74,405.0
- between 3 months and 1 year	19,416.5	18,933.8
- between 1 and 5 years	13,208.1	14,295.1
- more than 5 years	16,668.9	16,759.8
<b>Total liabilities to banks</b>	<b>127,630.1</b>	<b>138,600.7</b>

Liabilities to banks include liabilities to affiliated companies not included in the Group accounts to the extent of € 2,164.5 million (2002: € 0 million) and liabilities to companies in which equity investments are held to the extent of € 665.9 million (2002: € 1,053.3 million).

### Liabilities to Customers (14)

Breakdown by Maturity	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
<b>Savings deposits</b>		
Savings deposits with agreed periods of notice of		
- up to 3 months	0.3	33.0
- between 3 months and 1 year	0.0	0.0
- between 1 and 5 years	0.0	0.0
- more than 5 years	0.0	0.0
<b>Other liabilities</b>		
Payable on demand	16,692.7	15,755.9
With residual maturities of:		
- up to 3 months	29,564.5	31,016.5
- between 3 months and 1 year	7,829.1	7,503.3
- between 1 and 5 years	7,288.3	7,044.2
- more than 5 years	21,131.3	13,953.1
<b>Total liabilities to customers</b>	<b>82,506.2</b>	<b>75,306.0</b>

Liabilities to customers includes liabilities of € 826.1 million (2002: € 33.1 million) to affiliated companies not included in the Group accounts and liabilities of € 2,854.0 million (2002: € 4,255.0 million) to companies in which equity investments are held.

### Certificated Liabilities (15)

Breakdown by Maturity	Dec. 31, 2003 € millions	Dec. 31, 2002 € million
Notes issued	69,163.8	57,615.8
Other certificated liabilities	35,047.2	43,744.6
including:		
with residual maturities of		
- up to 3 months	19,062.7	24,861.9
- between 3 months and 1 year	9,602.9	18,348.5
- between 1 and 5 years	3,494.2	105.9
- more than 5 years	2,887.4	428.3
<b>Total certificated liabilities</b>	<b>104,211.0</b>	<b>101,360.4</b>

Of the € 69,163.8 million (2002: € 57,615.8 million) in notes issued, € 14,394.8 million (2002: € 12,096.0 million) is due in the following year. In contrast to the previous year (€ 127.2 million), there were no certificated liabilities in 2003 to companies in which equity investments are held.



## Trust Liabilities (16)

Breakdown by Maturity	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Liabilities to banks	174.4	175.0
Liabilities to customers	1,771.7	1,729.3
RWI certificates	375.0	375.0
Other liabilities	842.3	886.0
<b>Total trust liabilities</b>	<b>3,163.4</b>	<b>3,165.3</b>

## Other Liabilities (17)

The main components of this item, which totals € 10,091.1 million (2002: € 8,266.9 million), are as follows:

Dec. 31, 2003 € millions	Dec. 31, 2002 € millions	
4,382.1	4,102.7	in securities delivery obligations
2,659.0	2,285.8	in premiums from options
303.5	338.4	in interest to be paid on existing profit participation rights and subordinated liabilities once the annual accounts are approved
1,597.1	306.5	in offsetting entries from currency valuation

## Deferred Items (18)

Breakdown of Deferred Items	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Premiums from own bonds issued	158.0	97.3
Miscellaneous	925.1	722.4
<b>Total deferred items</b>	<b>1,083.1</b>	<b>819.7</b>

## Special Item with Partial Reserve Character (19)

This item was formed in fiscal year 1999 because the WestLB AG sub-group had to comply with the revaluation requirement on participations, loans and securities under the 1999/2000/2002 Tax Relief Act. Pursuant to Section 273 of the German Commercial Code (HGB), in conjunction with Section 6 (1) and Section 52 (16) of the German Income Tax Act (EStG), four-fifths of the written-up amounts were transferred to the special item with partial reserve character. A total of € 25.3 million (2002: € 27.1 million) was released in the 2003 fiscal year. This amount was offset by consolidation effects to the extent of € 21.3 million.

Changes	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Balance on January 1	4.0	48.4
Allocations	0.0	4.0
Releases	-25.3	- 27.1
Consolidation	21.3	- 21.3
<b>Book value</b>	<b>0.0</b>	<b>4.0</b>

## Provisions (20)

Landesbank NRW Group's provisions total € 3,352.6 million (2002: € 3,168.1 million). At € 2,464.2 million (2002: € 2,357.8 million), the majority of these provisions are attributable to the WestLB AG sub-group.

Most of the provisions for personnel relate to measures aimed at reducing headcount. Other provisions include € 56.6 million for adapting the business and organisational structure and € 21.2 million for potential litigation risks. The tax provisions include provisions for deferred taxes arising from intra-group matters to the extent of € 24.8 million (2002: € 12.2 million).

## Subordinated Liabilities and Profit Participation Rights (21)

Subordinated liabilities and profit participation rights total € 7,751.2 million (2002: € 8,176.8 million).

There was a total of € 592.5 million in subordinated issues by Landesbank NRW Group in fiscal year 2003 (2002: € 75 million). Subordinated liabilities and profit participation rights were down € 860.0 million because of those obligations that fell due during the year.

Of the subordinated liabilities of € 4,856.3 million (2002: € 5,391.6 million) the junior subordinated bond of US\$ 750 million (due 2009; interest rate 6.05%) issued by WestLB AG's New York branch in 1999 exceeds 10% of the total value of all subordinated liabilities. There is no early repayment obligation. There is no existing or planned agreement to convert these funds into capital or another form of debt.

Of the total subordinated liabilities, € 767.5 million (2002: € 1,332.8 million) have a residual maturity of less than two years. The original maturities range between 5 and 40 years.

Landesbank NRW Group incurred interest expense of € 320.1 million (2002: € 469.5 million) for subordinated liabilities in 2003.

No liabilities to affiliated companies and no liabilities to companies in which equity investments are held are included in subordinated liabilities.

Subordinated liabilities carried by Landesbank NRW or its subsidiaries comply with the requirements of Section 10 (5a) of the German Banking Act (KWG); the right to terminate the liabilities without notice has not been reserved.

The changes in Landesbank NRW Group's profit participation capital were as follows in the year under review:

Dec. 31, 2002	Additions	Reductions	Other Changes	Dec. 31, 2003
€ millions	€ millions	€ millions	€ millions	€ millions
2,785.2	110.5	0.0	-0.8	2,894.9

The additions to profit participation capital are the result of the acquisition of the remaining 50% of the shares of Westdeutsche ImmobilienBank and the related change from pro rata to full consolidation.

## Capital and Reserves (22)

As at December 31, 2003, Landesbank NRW had a subscribed capital of € 500 million (2002: € 500 million). Capital reserves totalled € 4,416,6 million (2002: € 6,212.1 million).

The decrease of the capital reserves is in particular due to WestLB AG sub-group's high loss of € 1,897.4 million, the realisation of preferred shares in the amount of € 862.2 million as well as the elimination of the write-down of the book value of WestLB AG in the amount of € 1,795.5 million in Landesbank NRW's accounts.

Excluding distributable profit, Landesbank NRW Group's capital and reserves are made up as follows:

Equity Capital pursuant to the German Commercial Code (HGB)	Dec. 31, 2003	Dec. 31, 2002
	€ millions	€ millions
Subscribed capital	500.0	500.0
Capital reserves	4,416.6	6,212.1
including:		
special reserves pertaining to Wfa	3,016.6	3,016.6
Consolidation excess	-1,424.7	-176,8
Reserves from retained earnings		
- required by Landesbank NRW's articles and bylaws	2.4	2.4
Silent contributions to WestLB AG	837.1	0.0
Preferred shares	869.2	0.0
Equalising items for shares of other shareholders	5.9	2.5

The silent contributions consist of contributions to WestLB AG made by the guarantors of Landesbank NRW, which can be converted into equity capital in 5 tranches ending 2007. In addition, € 869.2 million in preferred shares is listed separately. These shares were not granted on a company law basis and, with a view toward changes in the prevailing commentary opinion and toward the forthcoming transition to IFRS, were no longer included in the capital consolidation.

## Banking Act Ratios and Recommendations of the Basle Committee on Banking Supervision regarding Capital and Reserves

Landesbank NRW Group adhered at all times to the ratios relating to own funds and liquidity as defined in Section 10a of the German Banking Act (KWG). The recommendations on capital and reserves of the Basle Committee on Banking Supervision were complied with on the basis of national regulation

Once the various annual accounts are approved, the capital and reserves of Landesbank NRW Group under Section 10a of the German Banking Act (KWG) will amount to € 18,725 million at December 31, 2003 (2002 after approval of the annual accounts: € 17,533 million).

## Foreign Currency Assets/Foreign Currency Liabilities (23)

At year-end, Landesbank NRW Group had foreign currency assets valued at € 105.4 billion (2002: € 103.1 billion) and foreign currency liabilities valued at € 95.3 billion (2002: € 106.4 billion).

## Contingent Liabilities and other Commitments (24)

The contingent liabilities of € 15,351.8 million (2002: € 18,013.1 million) stem from the current lending business and from liquidity lines.

Of the € 67,216.2 million (2002: € 80,045.6 million) in irrevocable credit commitments, € 1,806.0 million (2002: € 1,793.7 million) were for commitments made in connection with the Wohnungsbauförderungsanstalt.

## Assets Used as Collateral (25)

Bonds and notes totalling € 10,835.1 million (2002: € 15,093.6 million) were pledged to the European Central Bank and Deutsche Bundesbank as collateral for loans. For public-sector lending programmes, WestLB AG pledged claims of € 810.0 million (2002: € 926.9 million). In addition, securities with a par value of € 50 million (2002: € 50 million) were deposited as collateral for forward contracts with the EUREX (euroexchange, electronic futures exchange).

## Collateral for Own Liabilities (26)

There is € 10,222.6 million (2002: € 13,407.7 million) in collateral for Landesbank NRW Group's own liabilities to banks.

## Other Financial Obligations

Landesbank NRW Group has rental and leasing obligations of € 121.6 million (2002: € 141.8 million). Its other financial obligations total € 11.6 million (2002: € 14.8 million).

Boullioun sub-group which is included in the Group's accounts has financial obligations within the next three years in the amount of € 1,076.5 million for the acceptance of aircraft.

Landesbank NRW Group has no other financial obligations that are reportable under Section 251 of the German Commercial Code (HGB).

## Cover (27)

All issues of Landesbank NRW requiring cover were covered in accordance with the statutory provisions and the articles and bylaws of Landesbank NRW.

At December 31, 2003, the details of the cover were as follows:

Cover	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Mortgage-backed bonds	2,628.1	2,198.0
Assets used for covering purposes		
- claims on banks	4.2	3.1
- claims on customers	4,097.9	2,903.3
Excess cover	1,474.0	708.4
Bonds of public authorities and entities under public law	74,291.6	68,205.1
Assets used for covering purposes		
- claims on banks	34,052.2	34,001.3
- claims on customers	24,669.1	22,292.4
- bonds and notes	21,457.5	20,568.5
Excess cover	5,887.2	8,657.1

## Profit and Loss Account

### Risk Provisions (28)

#### Allowances for Specific Risks and General Loan Loss Provisions

	Dec. 31, 2003 € millions	Dec. 31, 2002 € millions
Beginning balance	3,941.7	2,860.9
Allocations	1,131.6	2,061.3
Write-backs	-277.3	-420.3
Depletions	-759.5	-339.7
Market value differences/ other changes	-395.9	-220.5
<b>Ending balance</b>	<b>3,640.6</b>	<b>3,941.7</b>

### Result of Leasing Activities (29)

The income from leasing activities includes regular leasing income, as well as capital gains on the sale of leased property to the extent of € 0.7 million (2002: € 9.6 million). The related expenses include depreciation of € 437.7 million (2002: € 143.5 million) and refinancing expenses of € 23.6 million (2002: € 37.2 million).

Altogether, the result of leasing activities was € – 277.8 million (2002: € 59.5 million).

### Extraordinary Result (30)

The extraordinary expenses include, for the most part, the expenses incurred within the WestLB AG sub-group for restructuring measures, particularly in the area of personnel. Most of the extraordinary income was generated by the sale of WestLB AG's private banking business.

## Miscellaneous

### Other Obligations

Landesbank NRW has other obligations pursuant to Article 1 Section 3 Sentence 1 of the Bank Redefining Act.

In the case of Investitionsbank des Landes Brandenburg (ILB), Landesbank NRW is liable for up to three times its initial contribution amount.

The WestLB AG sub-group's liability to make additional contributions to the Liquiditätskonsortialbank, of which it is a member, remained unchanged in the year under review at € 65.3 million (2002: € 65.3 million). There was no obligation to make additional contributions to the security reserves of the Landesbanks/Girozentralen in 2003. The WestLB AG sub-group may incur additional obligations with respect to its joint liability for the additional contributions to the Liquiditätskonsortialbank from partners who are members of the German Savings Banks and Giro Association.

The deficit resulting from pension obligations not carried on the balance sheet as defined by Article 28 (2) of the Introductory Act to the German Commercial Code (EGHGB) was € 60.6 million.

## Letter of Comfort

Landesbank NRW itself has issued no letters of comfort.

WestLB AG will, except in the case of political risk, ensure that – proportionate with its investment quota – the banks, financial institutions and management companies in which it holds a significant investment will be in a position to meet their obligations. Enterprises covered by this Letter of Comfort and the amount of WestLB AG's investment quotas in such enterprises are set forth below.

Banco WestLB do Brasil S.A., São Paulo (100%)*	WestLB International S.A., Luxembourg (100%)*
Banque d'Orsay S.A., Paris (100%)*	WestLB (Italia) Finanziaria S.p.A., Milan (100%)*
Banque Européenne pour l'Amérique Latine (BEAL) S.A., Brussels (100%)	WestLB Panmure Ltd., London (100%)*
Bank WestLB, Vostok (ZAO), Moscow (100%)*	WestLB Securities Inc., Dover (100%)*
WestLB Hungaria Bank Rt., Budapest (100%)*	WestLB Securities Pacific Ltd., Hong Kong (100%)*
WestLB Ireland plc, Dublin (100%)*	WestLB UK Ltd., London (100%)*
WestLB Bank Polska S.A., Warsaw (100%)*	Westdeutsche ImmobilienBank - Konzern -, Mainz (100%)*
WestAM Holding GmbH, Düsseldorf (100%)*	West Merchant Bank Ltd., London (100%)*
WestAM (USA) Ltd., Addison (100%)	WestLB Finance (Credits) Ltd., London (100%)*
WestLB Asia Pacific Ltd., Singapore (100%)*	WestLB Finance Curaçao N.V., Willemstad (100%)*
WestLB Asset Management (Australia) Pty. Ltd., Sydney (51%)	WestLB Finance Netherlands B.V., Amsterdam (100%)*
WestLB Asset Management Kapitalanlagegesellschaft mbH, Düsseldorf (100%)*	WestLB Finance UK plc, London (100%)*
WestLB Asset Management (UK) Ltd., London (100%)	PE Projektentwicklungsgesellschaft mbH & Co. Büro- und Businesscenter Leipzig-Park KG, Düsseldorf (100%)
WestLB Asset Management (USA) LLC, Chicago (100%)	WestRM - West Risk Markets AG, Zug (100%)
WestLB Asset Management (US) LLC, Houston (100%)	West Pensionsfonds AG, Düsseldorf (49,9%)
WestLB Covered Bond Bank plc, Dublin (100%)*	West Pensionskasse AG, Düsseldorf (49,9%)
WestLB Europa Holding AG, Düsseldorf (100%)*	WestLB Property Services Ltd., London (100%)*
WestLB Europe (UK) Holdings Ltd., London (100%)*	WMB Leasing Nine Ltd., London (100%)
WestLB Fund Investments Ltd., London (100%)*	WMB Leasing Seven Ltd., London (100%)
	WMB Leasing Ten Ltd., London (100%)

\* Included in the Group accounts

The Letter of Comfort applies to WestLB Asset Management (Australia) Pty. Ltd. irrespective of WestLB AG's investment quota.

Together with its wholly-owned subsidiary WestLB Beteiligungsholding GmbH, WestLB AG is a guarantor, to the extent permitted by law, of Landesbank Rheinland-Pfalz, Mainz, and HSH Nordbank AG, Hamburg/Kiel, as well as a direct guarantor of Westdeutsche ImmobilienBank, Mainz, and DekaBank Deutsche Girozentrale, Frankfurt/Main.

## Deposit Insurance

As resolved by the members of the German Savings Banks and Giro Association (DSGV) on November 28, 2002, with retroactive effect as of January 1, 2002, Landesbank NRW was accepted as a member into the security reserves of the Landesbanks/Girozentralen. These security reserves constitute protection for contributing banks as defined by Section 12 of the German Deposit Protection and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz, EAG) and are associated in local statutes with the deposit-insurance scheme of the savings banks.

The deposit-insurance scheme of the German savings banks organisation consists of twelve funds belonging to the regional savings banks and giro associations, the security reserves of the Landesbanken and the security fund of the Landesbausparkassen, which together form a community of joint liability and are linked by rules and regulations that provide for offsetting in cases where coverage is claimed (so-called overflow agreements).

## Forward Transactions/Derivatives

As part of their business operations the companies of Landesbank NRW Group enter into forward contracts and derivatives the value of which is based on interest rates, foreign exchange rates and other underlyings. The specific types of forward contracts and derivatives that Landesbank NRW Group enters into are as follows:

- Forward transactions/derivatives based on interest rates  
Interest-rate swaps, interest-rate futures, forward rate agreements (FRAs), interest-rate options (bought and written), issued interest-rate warrants, interest-rate caps, interest-rate floors, interest-rate collars and swaptions.
- Forward transactions/derivatives based on foreign exchange rates  
Forward exchange transactions, currency options (bought and written), forward exchange contracts, issued currency warrants, currency swaps and interest-currency swaps.
- Forward transactions/derivatives based on share and other price risks  
Stock forwards, stock options (bought and written), index forwards, index options (bought and written), issued stock warrants and issued index warrants, precious metal/commodity forwards, swaps, futures and options.
- Credit derivatives (bought and written)  
Credit default swaps, total return swaps and credit linked notes.

€ millions	Derivatives - Volumes					
	Nominal Values		Credit Risk Equivalents		Replacement Costs*	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002
<b>Interest-rate risks</b>						
Interest-rate swaps	1,183,082	1,108,145	8,723	10,540	24,091	29,687
FRAs	174,043	198,165	17	27	77	124
Interest-rate options, swaptions						
- bought	39,396	35,884	336	438	1,026	1,522
- written	53,134	39,317	0	0	0	0
Stock market contracts	681,575	355,679	0	0	0	0
Caps, floors	140,320	119,039	317	361	883	1,105
Other interest-rate forward transactions	15,480	42,904	79	60	146	102
<b>Total interest-rate risks</b>	<b>2,287,030</b>	<b>1,899,133</b>	<b>9,472</b>	<b>11,426</b>	<b>26,223</b>	<b>32,540</b>
<b>Currency risks</b>						
Forward exchange transactions	69,143	115,237	728	1,138	1,864	3,251
Interest-currency swaps/currency swaps	142,624	114,899	3,259	2,700	4,831	3,066
Currency options						
- bought	6,877	10,873	145	132	295	349
- written	6,740	11,137	0	0	0	0
Stock market contracts	233	1,260	0	0	0	0
Other currency forward transactions	1,006	377	37	3	49	1
<b>Total currency risks</b>	<b>226,623</b>	<b>253,783</b>	<b>4,169</b>	<b>3,973</b>	<b>7,039</b>	<b>6,667</b>
<b>Share and other price risks</b>						
Stock forward transactions	56	10	2	0	0	0
Stock options						
- bought	5,663	2,758	294	175	482	534
- written	6,014	2,565	0	0	0	0
Stock market contracts	6,211	6,809	0	0	0	0
Other forward transactions	1,925	3,745	60	129	20	87
<b>Total share and other price risks</b>	<b>19,869</b>	<b>15,887</b>	<b>356</b>	<b>304</b>	<b>502</b>	<b>621</b>
<b>Credit rating risks</b>						
Credit derivatives						
- bought	18,405	20,420	252	341	100	395
- written	28,157	25,741	0	0	0	0
<b>Total credit derivative risks</b>	<b>46,562</b>	<b>46,161</b>	<b>252</b>	<b>341</b>	<b>100</b>	<b>395</b>
<b>Total derivatives</b>	<b>2,580,084</b>	<b>2,214,964</b>	<b>14,249</b>	<b>16,044</b>	<b>33,864</b>	<b>40,223</b>

\* Excluding Banque d'Orsay

The total volume of Landesbank NRW Group's forward transactions and derivatives business was € 2,580.1 billion (2002: € 2,215.0 billion) as of the balance sheet date. The emphasis was on interest-rate risks, which account for 88.6% (2002: 85.7%) of the total derivatives volume.

The credit risk equivalents and replacement costs are calculated on the basis of the market valuation method in accordance with German banking regulatory requirements. The market value is calculated only for those contracts for which the replacement transaction necessary to restore the previous position in the event of a counterparty default would result in additional expenditure or lower income; profits and losses generated by replacement transactions are not netted. In line with the above-mentioned banking regulatory requirements, the counterparty weighting, add-on for derivatives and close-out netting effects are taken into account when calculating the credit risk equivalents.



The portion of Landesbank NRW Group's Principle I credit risk equivalents pursuant to Section 10a of the German Banking Act (KWG) represents 11.30% (2002: 11.12%) of its total counterparty default risks (risk-weighted assets and relevant amount for the counterparty risk of the trading book). Close-out netting is used to calculate the credit risk equivalents for banking regulatory purposes. As a result, the average credit risk equivalents declined by approx. 36.6% (2002: 55.9%).

In addition to the credit derivatives from the trading book listed in the table, there were also credit derivatives in the investment book. The volume of credit derivatives in the investment book where Landesbank NRW Group is the guarantee (buyer) amounted to € 7,047 million (2002: € 2,782 million) at December 31, 2003. Those where Landesbank NRW Group is the guarantor (seller) amounted to € 1,593 million (2002: € 2,012 million) and have been included under contingent liabilities.

In fiscal year 2003, the average annual value, in nominal terms, of Landesbank NRW Group's derivatives and other forward transactions was € 2,803.5 billion (2002: € 2,250 billion).

<b>Derivatives - Average Volumes</b>						
€ millions	Average Nominal Values		Average Credit Risk Equivalents		Average Replacement Costs	
	2003	2002	2003	2002	2003	2002
	Interest-rate risks	2,499,107	1,930,430	11,257	10,830	32,050
Currency risks	240,179	258,397	3,856	7,626	6,061	5,850
Share and other price risks	16,119	16,923	327	352	584	725
Credit derivatives	48,143	44,216	293	371	164	565
<b>Total derivatives</b>	<b>2,803,548</b>	<b>2,249,966</b>	<b>15,733</b>	<b>19,179</b>	<b>38,859</b>	<b>38,646</b>

Landesbank NRW Group enters into derivative transactions with top-rated counterparties, mainly domestic and foreign OECD banks.

<b>Derivatives - Classification of Counterparties</b>						
€ millions	Nominal Values		Credit Risks Equivalents		Replacement Costs	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002
	OECD banks	1,440,487	1,429,305	7,759	9,252	25,662
Non-OECD banks	4,758	4,356	97	74	151	106
Customers (incl. stock market contracts)	1,134,094	779,905	6,378	6,693	7,996	8,769
Public-sector entities	745	1,398	15	25	55	102
<b>Total derivatives</b>	<b>2,580,084</b>	<b>2,214,964</b>	<b>14,249</b>	<b>16,044</b>	<b>33,864</b>	<b>40,223</b>

\* Including stock market contracts

\*\* Excluding Banque d'Orsay

Almost all of Landesbank NRW Group's derivatives are trading transactions; customer transactions are entered into by the trading units. Contracts for hedging the Bank's own portfolios are reflected in the trading portfolio by way of internal contracts. Most of the currency and share contracts are short-term. The interest-rate contracts are spread across the entire spectrum of maturities. As in the previous year, some 20.9% have a residual maturity of more than five years.

<b>Derivatives - Classification by Maturity</b>								
<b>Nominal Values</b>  €millions	<b>Interest-Rate Risks</b>		<b>Currency Risks</b>		<b>Share and Other Price Risks</b>		<b>Credit Derivatives</b>	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002
Residual maturity								
- up to 3 months	836,359	626,503	59,045	94,341	8,434	7,335	0	8
- 3 months to 1 year	356,576	297,178	48,517	54,044	7,982	5,796	2,364	
- 1 to 5 years	616,350	578,412	80,926	72,650	3,078	2,578	34,362	1,715
- more than 5 years	477,745	397,040	38,135	32,748	375	178	9,836	44,438
<b>Total</b>	<b>2,287,030</b>	<b>1,899,133</b>	<b>226,623</b>	<b>253,783</b>	<b>19,869</b>	<b>15,887</b>	<b>46,562</b>	<b>46,161</b>

## Number of Employees

On average, Landesbank NRW Group employed 4,266 (2002: 4,794) women and 6,008 (2002: 6,911) men in 2003. Of total Group employees, 198 (2002: 240) were engaged in apprenticeship training or equivalent training at year-end.

## Remuneration

The total remuneration paid to members of Landesbank NRW's Managing Board was € 1.6 million in 2003 (2002: € 0.8 million). That paid to members of the Supervisory Board was € 0.3 million (2002: € 0.8 million).

## Loans

The members of the Managing Board and Supervisory Board received advances and loans totalling € 4.7 million (2002: € 5.1 million).

## Disclosure pursuant to Section 340 a (4) of the German Commercial Code (HGB) of Seats Held

### Members of the Landesbank NRW Managing Board

#### Dr. Bernd Lüthje

LEG Landesentwicklungsgesellschaft NRW GmbH

#### Ernst Gerlach

Bremer Spielcasino GmbH & Co. KG  
 Casino Duisburg GmbH & Co. KG  
 Georgsmarienhütte GmbH  
 InvestitionsBank des Landes Brandenburg  
 LEG Landesentwicklungsgesellschaft NRW GmbH  
 Mannesmannröhren-Werke AG

#### Dr. Ulrich Schröder

InvestitionsBank des Landes Brandenburg  
 ProHealth AG, from May 26, 2003

### Employees of Landesbank NRW

#### Rainer Hofmann

Aachener Siedlungs- und Wohnungsgesellschaft mbH  
 Deutsche Wohnungsgesellschaft mbH (DWEORG)  
 Ruhr-Lippe Wohnungsgesellschaft mbH

## **From other areas of the Group:**

### **Members of the WestLB AG Managing Board**

#### **Jürgen Sengera, until July 2, 2003**

AXA Konzern AG  
Deutsche Anlagen-Leasing GmbH, until September 30, 2003  
Deutsche Post AG  
Ford-Werke AG  
HSH Nordbank AG, from June 2, 2003 to August 6, 2003  
TUI AG, until August 21, 2003

#### **Dr. Johannes Ringel, until December 31, 2003**

Babcock Borsig AG, until March 15, 2003  
Banque Européenne pour l'Amérique Latine (B.E.A.L.) S.A., until August 31, 2003  
HSH Nordbank AG, from August 6, 2003  
Hüttenwerke Krupp Mannesmann GmbH  
Klöckner & Co. AG, until August 7, 2003  
MTBC Bank Deutschland GmbH  
Nordex AG, until November 5, 2003  
Phoenix AG, until October 7, 2003  
Rütgers AG  
RWE Energy AG, from October 1, 2003  
STEAG AG  
ThyssenKrupp Stahl AG  
TUI AG, from September 9, 2003  
WPS WertpapierService Bank AG, until August 4, 2003

#### **Dr. Thomas R. Fischer, from January 1, 2004**

AMVESCAP Plc., from January 29, 2004  
Audi AG  
TUI AG, from January 16, 2004

#### **Dr. Adolf Franke, until December 31, 2003**

Bank Austria Creditanstalt AG, until March 17, 2003  
Banque Européenne pour l'Amérique Latine (B.E.A.L.) S.A., until August 31, 2003  
Kaufhof Warenhaus AG, from March 13, 2003  
rhenag GeschäftsführungsAG  
rhenag Rheinische Energie AG  
RWE Gas AG

#### **Dr. Manfred Puffer**

Deutsche Anlagen-Leasing GmbH, from October 1, 2003  
HSH Nordbank AG, until August 6, 2003

#### **Robert Restani**

Deutsche Anlagen-Leasing GmbH, from October 1, 2003

**Gerhard Roggemann, until March 20, 2004**

AXA Colonia Lebensversicherung AG  
Deutsche Börse AG, until May 12, 2003  
Fresenius AG  
Hapag-Lloyd AG  
Solvay Deutschland GmbH  
VHV Autoversicherungs GmbH, until August 25, 2003  
VHV Holding AG, from July 8, 2003  
WPS WertpapierServiceBank AG, until February 14, 2003

**Andreas Seibert, until July 2, 2003**

Banque Européenne pour l'Amérique Latine (B.E.A.L.) S.A., until August 31, 2003  
INTERSEROH AG  
Preussag Energie GmbH

**Rainer Schmitz, from October 23, 2003**

Deka Investment GmbH

**Group employees**

**Andrew Alywin**

Clinovia Group Ltd.

**Giorgio Binda**

Banca Carige S.p.A.

**Holger Bredekamp**

Wohnungsgesellschaft Münsterland mbH

**Dr. Helmut Brocke**

RW Holding AG

**Philip Buscombe**

Coperion Holding GmbH  
Chestnutbay Limited  
Southern Cross Healthcare Holdings Limited

**Sean Dunne**

Compass Securitisation Ltd.  
Compass Finrec C2 Ltd.

**Maurizio Fazzari**

Banca Carige S.P.A.

**Jürgen Germies**

Wolfson Microelectronics plc., from June 24, 2003

**Jeremy Hand**

Southern Cross Healthcare Holdings Ltd.  
Chestnutbay Limited  
The Motor Group Holdings Ltd.

**Thomas Kaiser**

Deka International (Ireland) Ltd.

**Gerhard Knoke**

Banque Européenne pour l'Amérique Latine (B.E.A.L.) S.A.

**Joel Lamande**

Caisse d'Épargne Aquitaine Nord (CEAN)

**Dagmar Lange**

Fraikin Groupe S.A.

**Dr. Jörg Lauer**

WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf

**László Lengyel**

Délalföldi Gázszolgáltató Ltd.

**Klaus Neuhaus**

Banque Européenne pour l'Amérique Latine (B.E.A.L.) S.A.

**Dr. Wolfgang Nickels**

Banque Européenne pour l'Amérique Latine (B.E.A.L.) S.A.

**Thomas Reh**

MTBC Bank Deutschland GmbH

**Franz Ruf**

DekaBank Deutsche Girozentrale Luxembourg S.A.

**Robin Saunders**

BHS Ltd., until September 29, 2003

**Dr. Johannes Scheel**

WestLB Investments (Guernsey) Ltd.

**Jürgen Schneider**

JT International Germany GmbH

**Jürgen Stinner**

WestInvest Gesellschaft für Investmentfonds mbH  
W. Jacobsen Aktiengesellschaft

**Volker Undorf**

Shamrock Resources Inc.

**Joachim Voss**

Technotrans AG

**Dr. Alexander Winkels**

Klöckner & Co AG  
Madaus AG  
Phoenix AG

## **Guarantors' Meeting/Supervisory Board/Managing Board**

### **Guarantors' Meeting**

#### **Chairman and Deputy Chairmen**

**Harald Schartau**, Chairman

Minister of Economics and Labour of North Rhine-Westphalia, Düsseldorf

**Jochen Dieckmann**, MdL, Deputy Chairman

Minister of Finance of North Rhine-Westphalia, Düsseldorf

**Udo Molsberger**, Deputy Chairman

Regional Director of the Regional Association of the Rhineland, Cologne

**Wolfgang Schäfer**, Deputy Chairman

Regional Director of the Regional Association of Westphalia-Lippe, Münster

**Dr. Karlheinz Bentele**, Deputy Chairman

President of the Savings Banks and Giro Association of the Rhineland, Düsseldorf

**Dr. Rolf Gerlach**, Deputy Chairman

President of the Savings Banks and Giro Association of Westphalia-Lippe, Münster

### **Members Appointed by the Guarantors' Meeting**

**Dr. Josef Fischer** Under Secretary

Ministry of Economics and Labour of North Rhine-Westphalia, Düsseldorf

**Dr. Thomas Griese**

Under Secretary

Ministry of the Environment and Nature Conservation, Agriculture and Consumer Protection of North Rhine-Westphalia, Düsseldorf

**Jörg Hennerkes**

Under Secretary

Ministry of Transport, Energy and State Planning of North Rhine-Westphalia, Düsseldorf

**Bernd Kiesow**

Senior Principal  
Ministry of Finance of North Rhine-Westphalia, Düsseldorf

**Wolfram Kuschke**

Minister  
Head of the State Chancellery of North Rhine-Westphalia, Düsseldorf

**Manfred Morgenstern**

Under Secretary  
Ministry of Urban Development and Housing,  
Culture and Sport of North Rhine-Westphalia, Düsseldorf

**Winfried Schittges, MdL**

Chairman of the Regional Assembly of the Rhineland, Cologne

**Dr. Wolfgang Kirsch,**

District Administrator  
Chairman of the CDU Group of the Regional Assembly of Westphalia-Lippe, Warendorf

**Michael Kranz**

Chairman of the Managing Board of Sparkasse Bonn, Bonn

**Dr. Hans-Christian Vollert**

District Administrator of the Viersen District, Viersen

**Dr. Norbert Emmerich**

Chairman of the Managing Board of Sparkasse Münsterland Ost, Münster

**Hans Pixa**

District Administrator of the Coesfeld District, Coesfeld

**Permanent Representatives of the Chairman and Deputy Chairmen of the Guarantors' Meeting**

**Maria Huesmann-Kaiser, from January 1, 2003**

Department Head  
Ministry of Economics and Labour of North Rhine-Westphalia, Düsseldorf

**Angelika Marienfeld, until March 25, 2003**

Assistant Secretary  
Ministry of Finance of North Rhine-Westphalia, Düsseldorf

**Gerhard Heilgenberg, from March 26, 2003**

Principal  
Ministry of Finance of North Rhine-Westphalia, Düsseldorf

**Karl Bechtel, until April 30, 2003**

Regional Councillor  
Regional Association of the Rhineland, Cologne

**Harry Voigtsberger, from May 1, 2003**

Regional Councillor  
Regional Association of the Rhineland, Cologne

**Dr. Hans-Ulrich Predeick**

Regional Councillor  
Regional Association of Westphalia-Lippe, Münster

**Heinz Biesenbach**

Association Director  
Savings Banks and Giro Association of the Rhineland, Düsseldorf

**Dr. Klaus Wienberg**

Association Director  
Savings Banks and Giro Association of Westphalia-Lippe, Münster

**Supervisory Board**

**Chairman and Deputy Chairmen**

**Harald Schartau**, Chairman

Minister of Economics and Labour of North Rhine-Westphalia, Düsseldorf

**Jochen Dieckmann**, MdL, Deputy Chairman

Minister of Finance of North Rhine-Westphalia, Düsseldorf

**Udo Molsberger**, Deputy Chairman

Regional Director of the Regional Association of the Rhineland, Cologne

**Wolfgang Schäfer**, Deputy Chairman

Regional Director of the Regional Association of Westphalia-Lippe, Münster

**Dr. Karlheinz Bentele**, Deputy Chairman

President of the Savings Banks and Giro Association of the Rhineland, Düsseldorf

**Dr. Rolf Gerlach**, Deputy Chairman

President of the Savings Banks and Giro Association of Westphalia-Lippe, Münster

**Members Appointed by the Guarantors' Meeting**

**Walter Haas**

Chairman, DGB Regional District NRW, Düsseldorf

**Dr. Helmut Linssen**, MdL

First Vice President of the State Assembly of North Rhine-Westphalia, Düsseldorf

**Edgar Moron**, MdL

Chairman of the SPD Parliamentary Group of North Rhine-Westphalia, Düsseldorf

**Dr. Michael Vesper**

Minister of Urban Development and Housing,  
Culture and Sport of North Rhine-Westphalia, Düsseldorf

**Paul Heidrich**

Chairman of the CDU Group of the Regional Assembly of the Rhineland,  
Mülheim an der Ruhr

**Dr. Berthold Tillmann**

Lord Mayor of the City of Münster, Münster

**Dieter Pützhofen**

Lord Mayor of the City of Krefeld, Krefeld



**Hans Pixa**

District Administrator of the Coesfeld District, Coesfeld

**Staff Representatives of the Bank**

**Martin Bösenberg, from January 16, 2003**

Bank officer  
Landesbank NRW, Münster

**Fred Eicke**

Director  
Landesbank NRW, Düsseldorf

**Christian Gnegel, from January 16, 2003**

Bank officer  
Landesbank NRW, Münster

**Hannelore Heger-Golletz**

Bank officer  
Landesbank NRW, Münster

**Gerd-Uwe Löschmann, until January 15, 2003**

Associate Director  
WestLB AG, Düsseldorf

**Manfred Mathewes, until January 15, 2003**

Bank officer  
WestLB AG, Düsseldorf

**Franz-Georg Schröermeyer**

Secretary, Financial Services  
ver.di Vereinte Dienstleistungsgewerkschaft, Münster Regional Office, Münster

**Christiane Stascheit**

Deputy Director  
ver.di Vereinte Dienstleistungsgewerkschaft, Düsseldorf Regional Office, Düsseldorf

**Michael Tellmann, from January 16, 2003**

Bank officer  
Landesbank NRW, Düsseldorf

**Elisabeth Weber, until January 15, 2003**

Bank officer  
WestLB AG, Düsseldorf

**Permanent Representatives of the Chairman and Deputy Chairmen of the Supervisory Board**

**Maria Huesmann-Kaiser**

Department Head  
Ministry of Economics and Labour of North Rhine-Westphalia, Düsseldorf

**Angelika Marienfeld, until March 25, 2003**

Assistant Secretary  
Ministry of Finance of North Rhine-Westphalia, Düsseldorf

**Gerhard Heilgenberg, from March 26, 2003**  
Principal  
Ministry of Finance of North Rhine-Westphalia

**Karl Bechtel, until April 30, 2003**  
Regional Councillor  
Regional Association of the Rhineland, Cologne

**Harry Voigtsberger, from May 1, 2003**  
Regional Councillor  
Regional Association of the Rhineland, Cologne

**Dr. Hans-Ulrich Predeick**  
Regional Councillor  
Regional Association of Westphalia-Lippe, Münster

**Heinz Biesenbach**  
Association Director  
Savings Banks and Giro Association of the Rhineland, Düsseldorf

**Dr. Klaus Wienberg**  
Association Director  
Savings Banks and Giro Association of Westphalia-Lippe, Münster

#### **Managing Board**

**Dr. Bernd Lüthje (Chairman)**  
**Ernst Gerlach**  
**Dr. Ulrich Schröder**

Düsseldorf, 26 April, 2004

The Managing Board

Dr. Lüthje      Gerlach      Dr. Schröder

## **Cash Flow Statement of Landesbank NRW Group as of December 31, 2003 (NRW.BANK Group as of March 31, 2004)**

The cash flow statement shows the cash flows and the change in cash and cash equivalents of the Landesbank NRW Group, divided into cash provided by and cash used in operating activities, investing activities and financing activities. The cash and cash equivalents shown includes the balance sheet items "cash" and "debt instruments issued by public institutions and bills of exchange eligible for refinancing with central banks." Cash flows are allocated to operating activities as operating income accrues.

The cash flow from investing activities results primarily from cash received and cash used in connection with selling or acquiring financial and tangible assets. The change in cash from financing activities captures the relationships to equity capital providers. The statement was prepared in accordance with German Accounting Standard No. 2 (DRS 2), as supplemented by the bank-specific German Accounting Standard No. 2-10 (DRS 2-10). Major business transactions not affecting investment and financing activities amounted to € 418.5 million. The total amount of all purchase prices from the acquisition of companies was € 502.2 million. The total amount from the sale of companies was € 176.0 million. The total amount of the fraction of purchase prices or the fraction of sales prices which are cash or cash equivalents was € 332.7 million. The total amount of cash and cash equivalents which have been acquired through the purchase of companies was € 3,2 million. The total amount of all other assets and liabilities which have been acquired through the purchase of companies can be broken down as follows: Receivables from banks / customers: € 9,233.3 million; bonds and other interest-bearing securities: € 552.5 million; equity investments in affiliated and non-affiliated companies: € 47,4 million; other assets: € 101.1 million, liabilities to customers / banks: € 5,342.0 million; certificated liabilities: € 4,006.9 million, subordinated liabilities: € 156.7 million, profit participation rights: € 110.5 million.

€ million	2003
1. Profit or loss for the period	-1,839.3
Adjustments to reconcile net income to net cash	
2. Write-downs, adjustments and write-ups on receivables, fixed assets and financial assets	2,326.6
3. Change in provisions	236.4
4. Other non-cash expenses / income	-129.5
5. Gain or loss on the disposal of financial assets and fixed assets	
Losses	285.1
Gains	-856.0
6. Other adjustments	-1,319.3
<b>7. Subtotal</b>	<b>-1,296.0</b>
8. Change in receivables	
a) from banks	4,005.1
b) from customers	8,995.4
9. Change in securities (not held as financial assets)	8,640.3
10. Change in other assets from operating activities	2,071.1
11. Change in liabilities	
a) to banks	-12,694.5
b) to customers	6,731.1
12. Change in certificated liabilities	-1,012.5
13. Change in other liabilities from operating activities	156.2
14. Interest and dividends received	14,441.5
15. Interest paid	-12,338.0
16. Extraordinary proceeds	4.1
17. Extraordinary payments	-51.8
18. Income tax paid	105.9
<b>19. Net cash flow from operating activities</b>	<b>17,757.7</b>
20. Proceeds from the disposal of	
a) financial assets	4,811.9
b) fixed assets	255.8
21. Payments for investments in	
a) financial assets	-15,053.5
b) fixed assets	-683.1
22. Change from other investment activities	-62.8
<b>23. Net cash flow from investing activities</b>	<b>-10,731.7</b>
24. Proceeds from the additions to equity	3.4
25. Dividends and other distributions to shareholders	
a) Dividends	0.0
b) Other distributions	0.0
26. Change in other capital	242.2
<b>27. Net cash flow from financing activities</b>	<b>245.6</b>
<b>28. Cash and cash equivalents, beginning of period</b>	<b>10,719.3</b>
29. Cash flow from operating activities	17,757.7
30. Cash flow from investing activities	-10,731.7
31. Cash flow from financing activities	245.6
32. Other changes in cash and cash equivalents	-785.0
<b>33. Cash and cash equivalents, end of period</b>	<b>17,205.9</b>

## Segment Report

Fiscal year 2003 is the first year for which the Landesbank NRW Group has released a Segment Report. The presentation complies with German Accounting Standards DRS 3 and DRS 3-10.

The Landesbank NRW Group monitors risks incurred by Landesbank NRW (which is organised under public law) and WestLB AG (organised under private law) in two separate principal segments. The Segment Report takes due account of these two monitoring areas by presenting the Landesbank NRW and WestLB AG sub-groups separately, along with a summarisation for the Group as a whole.

A uniform form of presentation was chosen for the secondary reporting format, illustrating the proportional share of Lan-

desbank NRW, which operates only in Germany.

Since the Segment Report in these financial statements is the first one, the Landesbank NRW Group is exercising its option to omit figures from previous years, under German Accounting Standard DRS 3.

### Notes to the Segment Report of the Landesbank NRW Sub-Group, by Business Unit

The Landesbank NRW sub-group applies a product orientation in managing its lines of business. The selection of segments reflects the sub-group's strategic orientation as an economic development bank. These segments are as follows:

#### Segments of the Landesbank NRW Sub-Group

<b>Economic Development</b>	<b>Public-Sector Financing / Capital Markets</b>
Wohnungsbauförderungsanstalt of the State of North Rhine Westfalia	Public-Sector Financing
Economic Development	Portfolio Management
Special Finance	Refinancing / Treasury
<b>Equity Investments</b>	<b>Services</b>
Equity Investments held by public mandate	Office for the Managing Board
Other Equity Investments	Internal Auditing
	Accounting / Controlling / Bank Taxation
	Personnel
	Credit Management
	Credit- and Risk Controlling / Back Office
	IT / Organisation / Internal Operations
	Legal / Compliance / Money Laundering Prevention
	Other Units
<b>Other / Consolidation</b>	

The individual sub-segments within the Landesbank NRW segment comprise the following business units:

- **Economic Development:** The Economic Development unit comprises both housing development and economic development proper. In housing development, the Bank furnishes low-interest loans, grants and guarantees in order to ensure a reasonable housing supply for low-income households in North Rhine-Westphalia. Economic development is concerned with promoting existing businesses, new businesses, and growth in North Rhine-Westphalia via development programmes sponsored by the federal government, the state government, and the European Union.
- **Equity Investments:** Managing the equity investments held as a public mandate, and promoting the capital market for equity interests in North Rhine-Westphalia.
- **Public-Sector Financing / Capital Markets:** Refinancing for regional authorities, portfolio management, and treasury operations.
- **Services:** This segment covers back-office and administrative units (e.g., reporting, human resources, corporate auditing, IT / organisation / internal operations).
- **Other / Consolidation:** This item reflects results that fall within the overall responsibility of the Managing Board, such as earnings from the Bank's equity investment in WestLB AG, or equity management. For that reason, the item for risk provisions and revalua-

tion adjustments includes the write-down of € 1.8 billion on WestLB AG. It also includes consolidation entries that reflect, for example, how costs are charged within single entities, or how services procured from WestLB AG are charged to the Group and how these charges are passed on internally to various segments.

The Segment Report is based on the Bank's internal management reporting and the Bank's divisions / profit centres. The segments are presented as in the income statement, in accordance with the requirements of the German Commercial Code. This approach ensures that internal and external valuation principles are consistent. Net interest income is apportioned by the market interest-rate method. Restructuring expenses are reported under extraordinary income and expenses. The segments' risk positions are calculated on the basis of Principle I and the segments' business volumes, and also on the basis of the Regulation Governing Large Exposures and Loans (the "Gro-MiKV") in the case of affiliates that are not consolidated for regulatory purposes. The segments' allocated capital is calculated on the basis of the internal minimum requirement for equity backing of risk assets, 8.7%. The return on allocated capital is calculated from pre-tax net income on the year as a function of allocated equity. Landesbank NRW is legally barred from engaging in securities trading operations, and thus maintains no positions at market price. The cost-income ratio is determined on the basis of administrative expenses and income.

## Results for the Landesbank NRW Segment:

12/31/2003	Economic Development	Equity investments	Public-Sector Financing / Capital Markets	Services	Other / Consolidation	LB NRW Sub-Group
€ millions						
	236.3	138.4	133.0	53.0	-68.0	492.6
Net interest income	219.5	5.3	131.3	1.2	-0.1	357.2
Net commission income	12.7	-10.0	1.9	-3.8	0.0	0.7
Other operating expenses / income	4.0	143.1	-0.3	55.7	-67.9	134.7
	-75.5	-130.4	-23.1	-101.5	44.0	286.4
Personnel expenses	-39.2	-67.9	-3.1	-25.4	-3.7	139.3
Operating expenditure	-36.3	-62.4	-20.1	-76.1	47.7	147.2
Net income before risk provisions	160.8	8.0	109.8	-48.4	-24.0	206.2
Risk provisions / revaluation adjustments	-102.4	0.2	0.6	0.0	-1,843.8	1,945.3
Net income after risk provisions	58.4	8.2	110.5	-48.4	-1,867.7	1,739.1
Extraordinary income / expense	-6.2	-0.1	0.0	0.0	0.0	6.3
Pre-tax net income for year	52.2	8.1	110.5	-48.4	-1,867.7	1,745.4
Cost - income ratio	31.9	94.2	17.4	-	-	58.1
Segment assets	24,146.2	510.7	77,634.6	10.7	3,056.0	105,358.2
Segment debt	20,033.8	127.4	79,101.5	0.0	6,095.6	105,358.2
Risk items	7,125	430	6,582	69.5	5,196	19,401.4
Allocated capital	620	38	573	6.0	452	1,688.5
Return on allocated capital	8.4	21.3	19.3	-	-	103.4
Employees **	493.2	1,014.4*	19.6	243.3	0.0	1,770.5

\* including in casino and lottery companies:

1,001.0

\*\* full-time equivalent

## Notes to the Segment Report for the WestLB AG Sub-Group by Business Unit (Primary Reporting Format)

The WestLB AG sub-group projects and manages its earnings on the basis of profit centre accounting at the level of its individual business units. Portfolios, results and resources from the individual business units or profit centres are combined into segments that represent the main businesses and areas in which the WestLB AG sub-group operates.

Within the WestLB AG sub-group's system of management, a distinction is made between the Banking Group, which includes all companies whose operations are oriented to the lending and financial business, together with the companies that support the Group's banking operations, and other Group companies.

While Banking Group enterprises fall directly under corporate management structures, the other Group enterprises are managed through the Controlling unit for Equity Investments. Accordingly, the Banking Group's enterprises are allocated to segments directly, while the other Group enterprises are pooled under the Equity Investments segment.

These segments are formed on the basis of the WestLB AG sub-group's internal management procedures, and reflect the business orientation and market presence of the various business units, or the functional interaction of organisational units.

<b>Segments of the WestLB AG Sub-Group</b>	
<b>Lending</b>	<b>Special Finance</b>
Central Credit Management	Global Specialised Finance
Loans Germany / Europe	Boullioun-Group / Aircraft Leasing
Loans America	
Loans Asia / Pacific	
Credit Portfolio Committee (CPC)	
Westdeutsche ImmobilienBank (WIB)	
<b>Trading</b>	<b>Services</b>
Equity Markets	Global Asset Management
WSP Equities	Banque d'Orsay
Global Financial Markets	Transaction Service
WestLB International S.A., Luxemburg	
Group Operations	
Risk Management Support & Control	
<b>Equity Investments</b>	<b>Other Units</b>
Equity Investments	Capital & Mismatch Management (CMM)
Landesbank Rheinland-Pfalz Girozentrale	Consolidation
HSH Nordbank AG	Other Units
Principal Finance	
Other group Companies	
<b>Internal Service Units</b>	
Group Finance	
Group Strategy / Controlling	
Internal Service	
Personnel	
Communications / Economics	
Legal	
Group Internal Auditing	
WestLB Systems/EDV	
Chief Information Office (CIO)	



The individual segments' contributions toward WestLB AG's consolidated earnings for fiscal 2003 are shown in the following table. Net income from trading operations is marked to market; the reconciliation of this figure to the figure as defined under the German Commercial Code is captured as a correction in the "Other Units / Consolidation" segment.

The segments' risk positions are determined on the basis of Principle I and the segments' business volumes. The segments' allocated capital is calculated on the basis of the internal minimum requirement for equity backing of risk assets, 8.7%. The details can be found in the annual financial statements for the WestLB AG sub-group.

Information on the individual segments of the WestLB AG sub-group:

- Lending Business: The Lending business suffered substantial debtor defaults. Because risk assets were down from the year before, operating earnings were below the 2002 figure.
- Special Finance: Activities focused on revising the portfolio. Risk provisions of € 779.5 million were necessitated as a result; these cover all current recognisable risks in this segment.
- Trading: Considerable cost cuts were achieved in Trading. As income grew at the same time, operating earnings were substantially better than in the previous year.
- Services: The Global Asset Management unit, which is included in this segment, showed a loss on the year because of the adverse market environment. Cost cuts in Transaction Services compensated for that unit's lower earnings. The Banque d'Orsay, which belongs to this segment, showed significantly better results but was unable to make up for the segment's overall performance.
- Equity Investments: Higher income and lower costs resulted in higher operating earnings. But valuation adjustments in the Principal Finance unit and write-downs on equity investments were the primary factors responsible for the overall loss reported by the WestLB AG sub-group.
- Internal Service Units: In-house services for client and product units were charged to the units that requested them on the basis of internal prices. This segment reflects the WestLB AG sub-group's cost-cutting efforts in the form of significantly lower personnel expenses and a lower operating expenditure.
- Other Units / Consolidation: This segment includes the results of consolidation among the various segments, such as netting of income and expenses, elimination of intra-Group profits or losses, and netting of internally generated income and expenses so as to yield an accurate picture of the segments' results in operating terms. It also includes selling costs for the client business, expenses for the Managing Board and labour council, and income-reducing adjustments to keep marked-to-market segment results in line with the valuation guidelines of the German Commercial Code (HGB).

## Results for the WestLB AG Segment:

12/31/2003 € millions	Lending	Special Finance	Trading	Services	Equity In- vestments	Internal Service Units	Other Units / Consolidation	WestLB AG Sub-Group
	456.5	544.6	1,244.1	123.7	328.0	813.6	-925.3	2,585.2
Net interest income	318.1	362.4	896.6	0.4	242.6	63.0	8.3	1,891.4
Net commission income	78.4	180.5	107.1	111.9	19.7	3.0	-62.5	438.1
Net income from trading opera- tions	3.7	3.4	-22.2	14.7	-5.0	0.4	6.4	1.4
Other operating expenses / in- come	56.3	-1.7	262.6	-3.3	70.7	747.2	-877.5	254.3
	-225.9	-191.5	-966.1	-193.4	-86.3	-955.9	791.1	-1,828.0
Personnel ex- penses	-103.1	-87.3	-319.2	-95.5	-17.0	-285.4	-77.2	-984.7
Operating ex- penditure	-122.8	-104.2	-646.9	-97.9	-69.3	-670.5	868.3	-843.3
Net income before risk provi- sions	230.6	353.1	278.0	-69.7	241.7	-142.3	-134.2	757.2
Risk provisions / revaluation adjustments	-321.0	-779.5	-85.9	-9.7	-1,141.6	-20.2	107.7	-2,250.2
Net income after risk provisions	-90.4	-426.4	192.1	-79.4	-899.9	-162.5	26.5	-1,493.0
Extraordinary income / expense	-24.3	-2.9	-131.7	-40.0	-1.0	-54.2	-136.7	-390.8
Other charges	0.0	0.0	6.3	0.0	0.0	0.0	-6.3	0.0
Pre-tax net in- come for year	-114.7	-429.3	66.7	-119.4	-900.9	-216.7	-169.5	-1,883.8
Cost-income ratio	49.5	35.2	77.7	156.3	26.3	117.5	85.5	70.7
Segment assets	43,882.9	23,585.1	150,392.7	634.3	7,837.9	8,241.3	21,669.6	256,243.8
Segment debt	22,111.5	3,220.9	191,435.6	1,950.7	237.9	5,882.0	27,813.6	252,652.2
Risk items	34,026	19,405	32,411	2,354	43,565	524	2,027	134,312
Allocated capital	3,195	1,677	2,928	220	4,132	52	240	12,444
Return on allo- cated capital	-3.6	-25.6	2.3	-54.2	-21.8	-413.0	-51.2	-15.1
Employees (full- time equivalent)	1,242	494	2,151	550	167	2,393	547	7,544

## Summary Segment Report for Landesbank NRW Group (Primary Reporting Format)

The following table summarises the two main segments. The "Consolidation" column shows the consolidation adjustments that are necessary between these two

segments. The total profit or loss represents the figure reported for the Group as a whole.

12/31/2003	Landesbank NRW Sub-Group	WestLB AG Sub-Group	Reconciliation / Consoli- dation	Landesbank NRW Group
€ millions				
	492.6	2,585.2	-327.6	2,750.2
Net interest income	357.2	1,891.4	-0.1	2,248.6
Net commission income	0.7	438.1	0.0	438.8
Net income from trading operations	0.0	1.4	0.0	1.4
Other operating expenses / income	134.7	254.3	-327.7	61.4
	-286.4	-1,828.0	33.7	-2,080.8
Personnel expenses	-139.3	-984.7	-5.5	-1,129.5
Operating expenditure	-147.2	-843.3	39.2	-951.3
Net income before risk provisions	206.2	757.2	-293.9	669.5
Risk provisions / revaluation adjustments	-1,945.3	-2,250.2	2,165.0	-2,030.5
Net income after risk provisions	-1739.1	-1,493.0	1,871.1	-1,361.1
Extraordinary income / expense	-6.3	-390.8	0.0	-397.1
Pre-tax net income for year	-1,745.4	-1,883.8	1,871.1	-1,758.2
Cost-income ratio	58.1	70.7	-	75.7
Segment assets	105,358.2	256,243.8	-16,206.5	345,395.5
Segment debt	105,358.2	252,652.2	-12,614.9	345,395.5
Risk items	19,401	134,312	-5,842.4	147,871
Allocated capital	1,688	12,444	-1,267.7	12,865
Return on allocated capital	-103.4	-15.1	-	-13.7
Employees (full-time equivalent )	1,770.5	7,544.0	0.0	9,314.5

### Major Consolidation Items

Other operating income was largely influenced by the re-categorisation of risk provisions for the operations of the Boullioun Group (€ -415.9 million) from risk provision adjustments to net income from the leasing business. Another important influencing factor was the carried-over effects from the disclosure of hidden charges on Boullioun Group aircraft (€ +105.9 mil-

lion) as a result of the first-time consolidation in 2002.

Risk provision adjustments were reduced by the re-categorisation of the Boullioun effect described above, and by the elimination of the write-down on the carrying value of WestLB AG (-1,795.5 million). Moreover, € 46,5 million have been deferred as lump sum inter-group profit; they affect risk provisions.

## Secondary Report for NRW Landesbank Group

The breakdown by regional markets is based on the location of the main office of the given branch or subsidiary. For the Landesbank NRW sub-group, only a summary

presentation for Germany is shown because there are no offices abroad.

€ millions	Landesbank NRW Sub-Group									Landesbank NRW Group
	Germany	Germany	Europe	North America	South America	Asia / Australia	Reconciliation	WestLB AG Sub-Group	Reconciliation	
Net income before risk provisions	206.2	148.4	514.1	190.7	19.1	88.6	-203.7	757.2	-293.9	669.5
Risk provisions / revaluation adjustments	-1,945.3	-1,753.2	-548.2	-654.6	-0.9	-5.8	712.5	-2,250.2	2,165.0	-2,030.5
Net income after risk provisions	-1,739.1	-1,604.8	-34.1	-463.9	18.2	82.8	508.8	-1,493.0	1,871.1	-1,361.1
Segment assets	105,358.2	126,998.8	109,035.6	33,862.0	1,007.1	6,578.0	-21,237.7	256,243.8	-16,206.5	345,395.5
Segment debt	105,358.2	123,591.5	109,066.1	33,536.1	913.0	6,551.6	-21,006.1	252,652.2	-12,614.9	345,395.5
Cost-income ratio	58.1	89.8	57.1	52.1	52.2	49.9	70.0	70.7		75.7

**Statement of Changes in Group Equity Capital  
(as of March 31, 2004 NRW.BANK)**

	Parent company							Silent capital contribution to WestLB AG	Preferred shares	Minority shareholders	Group equity capital	
	Subscribed equity	Capital reserve	Group equity generated		Accumulated other group equity							Equity capital
			Profit reserve	Group profit	Group reserve generated	Group reserves						
						Balancing item for foreign currency translation	Other neutral transactions					
<b>As at December 31, 2002</b>	500	6,212	2	21	-1,235	-290	1,349	6,559	0	2	6,561	
Group loss				-1,839				-1,839			-1,839	
Distribution of Group's profit in 2002				-21				-21			-21	
Transfer to silent capital contribution								0	1,250		1,250	
Withdrawal from silent capital contribution					413			413	-413		0	
Withdrawal from capital reserves		-1,795		1,795				0			0	
Withdrawal from group reserves				46				46			46	
Change in valuation								-869		869	0	
Minority shareholders' profit share				-2				-2		2	0	
Change of group consolidated					-147	6		-141			-141	
Translation of foreign currencies, effects from consolidation, other movements in equity					-283	232	-601	-652		2	-650	
<b>As at December 31, 2003</b>	500	4,417	2	0	-1,252	-52	-121	3,494	837	869	5,206	

In Group equity generated an amount of € 45 million may not be distributed by law, an amount of € 8 million may not be distributed by statutes.

# Auditor's Report

We have audited the consolidated financial statements and the group management report of NRW.BANK, Düsseldorf/Münster for the business year from 1 January to 31 December 2003. The preparation of the consolidated financial statements and the group management report in accordance with German commercial law and supplementary provisions in the articles of incorporation is the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. On the whole the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development.

Düsseldorf, April 27, 2004

## **PwC Deutsche Revision**

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

(Peters)

Wirtschaftsprüfer

German Public Auditor

(ppa. Meteling)

Wirtschaftsprüfer

German Public Auditor

## Recent Developments and Outlook

### *Re-organisation of Landesbank NRW*

On 11th March, 2004, the North Rhine-Westphalian Parliament adopted the Reorganisation Act and Landesbank NRW became NRW.BANK when this Act came into force on 31st March, 2004.

NRW.BANK has thus been given the legal status of a competition-neutral development bank operating on "Hausbankverfahren". Under the so-called "Verständigung II" agreement reached between the German Federal Government and the European Commission, NRW.BANK will continue to enjoy the benefits of institutional liability and guarantor liability. Pursuant to Section 4 (3) of the Reorganisation Act, NRW.BANK will benefit from an explicit guarantee on the basis of which issues made by NRW.BANK will have a "zero" solvency weighting.

### *Business Development and economic outlook*

Economic activity is expected to pick up slowly in 2004. As in 2003, domestic demand is anticipated to initially remain weak. Stimuli are expected to come primarily from the recovering world economy, which should become the main driver of a global revival. It is believed that gross domestic product will grow by just under 2 per cent. in 2004.

NRW.BANK expects the rate of expansion to be moderate in 2004. Earnings should maintain their 2003 level. Whilst growth of net interest income and net commission income are expected to be somewhat lower than in 2003, costs are projected to fall. Personnel expenses should increase only moderately as recruitment of NRW.BANK's workforce is now complete. Administrative expenses are expected to decline slightly as a result of strict cost management and expiring service contracts with WestLB AG, which has assisted NRW.BANK's start-up. In addition, the investment in WestLB AG may have a significant impact on NRW.BANK's business results.

Maintaining the existing shareholding quotas of the guarantors of Landesbank NRW, the Managing Board used Landesbank NRW's authorised capital to increase the issued capital by € 33.3 million to € 533.3 million. The Guarantors' Meeting approved the relevant amendments to the statutes on 3rd March, 2004.

In order to be able to take direct shareholdings in WestLB AG, the guarantors of NRW.BANK agreed on a direct participation option which was laid down in the Act on Redefining the Legal Status of Public-law Banking Institutions in North Rhine-Westphalia. The direct participation options give the savings banks and giro associations and the regional associations the right to retire from the group of guarantors of NRW.BANK upon transferring their relevant rights and obligations to NRW.BANK. In this event, the guarantors will receive participations in the share capital of WestLB AG the value of which equals that of their relevant ownerships in NRW.BANK. With a view to concretising this legal provision, the guarantors on 12th December, 2001 agreed on the terms and conditions of such a switch of shareholdings. This agreement was confirmed by a master agreement between the guarantors and NRW.BANK on 11th December, 2002. After the full exercise of the options, the State of North-Rhine Westphalia would be the sole guarantor of NRW.BANK.

The Savings Banks and Giro Association of Westphalia-Lippe has exercised its option effective 30th June, 2004. So far, the other three option holders have not yet announced whether they, too, will exercise their options. An exercise of their options by several or all four associations would have the unavoidable consequence of reductions of NRW.BANK's equity. Several possible solutions to offset these reductions are available.

Even after an exercise of all four options, however, NRW.BANK will continue to comply with all regulatory requirements.

The volume of new lending in the business promotion segment is projected to grow moderately. In the light of the anticipated economic recovery, NRW.BANK expects capital spending and hence the demand for development funds to increase. Positive stimulation should also be provided by the revised "Business Start-up and Growth Financing Programme", which is currently being prepared in co-operation with Kreditanstalt für Wiederaufbau. Since the beginning of 2004, NRW.BANK has also processed Landwirtschaftliche Rentenbank's development loans for the savings banks in North Rhine-Westphalia and Brandenburg. The development business was sluggish in the first few months of 2004 for seasonal reasons. Year-end business in 2003 was fairly brisk, followed by a corresponding slowdown in January and February 2004 and a slight decline in new loan applications. However, it was the active year-end business that then led to an increase in new loan commitments. The development loan portfolio is evolving according to plan.

The housing promotion business is anticipated to grow moderately due to reduced tax allowances for owner-occupied housing and the fact that the corresponding borrowings were brought forward in previous years. A large number of loan applications were received at the beginning of the year, most of which were submitted before the end of 2003 by applicants wishing to benefit from the higher tax allowances that applied until the end of the year. This effect will fade in the coming months.

The housing-modernisation programme adopted by the Federal Government in spring 2003 should provide some positive stimulus. Fundamentally however, it is assumed that the overall volume of state-subsidised loans extended to promote home-ownership will remain unchanged given that high loan repayments are expected at the same time.

In the equity financing segment, NRW.BANK will expand its equity finance offerings to German "Mittelstand" companies in North Rhine-Westphalia in accordance with EU state aid regulations and the Verständigung II agreement. For this purpose, NRW.BANK started preparing a so-called "Mittelstandsfonds" (SME Fund) in March 2004. The fund volume is € 75 million, which will be used to provide equity assistance of between € 1 million to € 7 million for medium-sized companies in North Rhine-Westphalia, mainly in the form of mezzanine capital.

Funding activities will be brought into line with the requirements of a development bank in the course of 2004. NRW.BANK's Capital Markets unit has developed very positively despite the difficult market environment at the beginning of 2004. The volume of new issues in 2004 is anticipated to be on a par with that in 2003.

As at 31st March 2004, NRW.BANK's operating income before risk provisions amounted to € 20.5 m. This figure is in line with the budget of NRW.BANK for 2004.



# Pfandbriefe

The following is a summary of the applicable law and regulation relating to mortgage covered Pfandbriefe (*Hypothekendarlehen*; **Mortgage Pfandbriefe**) and public sector Pfandbriefe (*Öffentliche Pfandbriefe*; **Public Sector Pfandbriefe**). This summary is qualified in its entirety by reference to such applicable law and regulation. At the date hereof, NRW.BANK will only issue Public Sector Pfandbriefe under the Programme.

Pfandbriefe are standardised German law debt instruments the specifications of which are regulated either (in the case of Pfandbriefe issued by mortgage banks (*Hypothekenbanken*)) by the German Mortgage Bank Act (*Hypothekendarlehensgesetz*) or (in the case of Pfandbriefe issued by public law credit institutions (*öffentlich-rechtliche Kreditanstalten*)) by the German Act Concerning Pfandbriefe and Related Bonds of Public Law Credit Institutions (*Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten*; the *Pfandbrief Act*). Pfandbriefe are general recourse obligations of the issuing institution and are usually medium to long term notes, typically with an original maturity of two to ten years.

Pursuant to the Pfandbrief Act, NRW.BANK as a public law credit institution may issue Mortgage Pfandbriefe and Public Sector Pfandbriefe. In each case, a separate pool of assets (each, a *Cover Pool*) secures (*deckt*) at all times all of the outstanding Pfandbriefe. These assets are listed in a register for each Cover Pool maintained by the public law credit institution. In the case of public law credit institutions, compliance with the Pfandbrief Act is subject to supervision by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; the *BaFin*).

In the case of Mortgage Pfandbriefe, the Cover Pool contains mainly mortgage loans. Up to an amount equal to 10 per cent. of the aggregate principal amount of all outstanding Mortgage Pfandbriefe and Public Sector Pfandbriefe, it may also contain certain other collateral as substitute cover (*Ersatzdeckung*), including (i) debt securities issued or guaranteed by the German federal government, special assets of the German federal government, a German state government, certain other qualifying governments, the European Communities, the European Investment Bank (EIB), the International Bank for Reconstruction and Development (IBRD), the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD) and (ii) cash balances with Deutsche Bundesbank and other qualifying banks.

The Cover Pool for Public Sector Pfandbriefe contains (i) loans to non-profit administrative bodies and loans to or guaranteed by the German federal government, a German state government, German public law corporations and institutions, certain other qualifying member states, public law entities, regional governments, territorial authorities and the European Communities, EIB, IBRD, CEB and EBRD and (ii) (as substitute cover) cash balances with Deutsche Bundesbank and other qualifying banks. The total amount of cash balances serving as substitute cover in the Cover Pool for Public Sector Pfandbriefe is limited to 10 per cent. of the aggregate principal amount of outstanding Public Sector Pfandbriefe.

The public law credit institution may also include in each Cover Pool certain qualifying derivatives including interest rate and foreign exchange currency swaps.

The Pfandbrief Act also establishes rules applicable in the case of an insolvency of the issuing public law credit institution. In the event of the institution of insolvency proceedings in respect of the public law credit institution, the Cover Pools are not part of the insolvency estate, and, therefore, such insolvency would not automatically trigger an insolvency of the Cover Pools. Only if at the same time or thereafter the relevant Cover Pool were to become insolvent, which could occur as a result of (i) such Cover Pool's inability to meet the obligations arising from the Pfandbriefe issued against it (*Zahlungsunfähigkeit*); or (ii) an excess of the obligations arising from the Pfandbriefe issued against such Cover Pool over the Cover Pool's assets (*Überschuldung*), separate insolvency proceedings would be initiated against such Cover Pool by the BaFin.

In this case, holders of Pfandbriefe would have the first claim on the assets contained in the respective Cover Pool. Their preferential right would also extend to interest on the Pfandbriefe accrued after the commencement of insolvency proceedings. Furthermore, but only to the extent that holders of Pfandbriefe suffer a loss, holders would also have recourse to any assets of the insolvent public law credit institution not contained in the Cover Pools. However, as regards those assets, holders of Pfandbriefe would rank equally with other unsecured and un-subordinated creditors of the public law credit institution.

Pursuant to recent amendments to the Pfandbrief Act which have come into force on 9th April, 2004, one or two special cover pool administrator(s) (*Sachwalter*; the *Administrator*) will be appointed in the case of the insolvency of a public law credit institution, which has Pfandbriefe outstanding, to administer each Cover Pool for the sole benefit of the holders of Pfandbriefe.

The Administrator will be appointed by the court having jurisdiction at the location of the head office of the issuing public law credit institution at the request of the BaFin before or after the institution of insolvency proceedings. This Administrator will be subject to the supervision of the court and also of the BaFin with respect to the duties of the public law credit institution arising under the Pfandbrief Act and the German Banking Act in connec-

tion with the administration of the assets contained in the relevant Cover Pool. The Administrator will be entitled to dispose of the Cover Pool's assets and receive all payments on Cover Pool assets to ensure full satisfaction of the claims of the holders of Pfandbriefe. To the extent, however, those assets are obviously not necessary to satisfy such claims, the insolvency administrator of the public law credit institution is entitled to demand the transfer of such assets to the insolvency estate of the public law credit institution.

Subject to the written consent of the BaFin, the Administrator may transfer all or part of the assets and Pfandbrief liabilities relating to a Cover Pool to another public law credit institution.

The Pfandbrief Act provides certain safeguards for purchasers of Pfandbriefe and sets forth the following principles:

- The aggregate principal amount of assets contained in a Cover Pool must at all times be greater than or equal to the aggregate principal amount of the outstanding Pfandbriefe corresponding to such Cover Pool.
- The aggregate interest yield on the assets contained in a Cover Pool must at all times be greater than or equal to the aggregate interest payable on the outstanding Pfandbriefe corresponding to such Cover Pool.
- The aforementioned coverage of all outstanding Pfandbriefe must also at all times be ensured on the basis of the present value (*Barwert*) of the Pfandbriefe. Furthermore, the present value of the assets contained in the Cover Pool must exceed the total amount of liabilities resulting from corresponding Pfandbriefe and derivatives by 2 per cent. (*sichernde Überdeckung*). Such excess coverage must consist of assets qualifying as substitute cover.
- For the purpose of hedging interest rate risks and foreign exchange currency risks, claims under qualifying interest rate swaps or foreign exchange currency swaps may be included in any Cover Pool, provided that it is ensured that such claims will not be affected by the insolvency of either the public law credit institution or the other Cover Pool.
- The maturity of the Pfandbriefe issued may not materially exceed the maturity of the assets in the respective Cover Pool.

# Taxation

## Germany

The following is a general discussion of certain German tax consequences of the acquisition and ownership of Instruments. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Instruments, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Offering Circular, which are subject to change, possibly with retroactive or retrospective effect.

***Prospective purchasers of Instruments are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Instruments, including the effect of any state or local taxes, under the tax laws of Germany and each country of which they are residents.***

### *Tax Residents*

Payments of interest on the Instruments, including interest having accrued up to the disposition of an Instrument and credited separately (**Accrued Interest**), if any, to persons who are tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal or corporate income tax (plus solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5 per cent. thereon). Such interest may also be subject to trade tax if the Instruments form part of the property of a German trade or business. Accrued Interest paid upon the acquisition of an Instrument may give rise to negative income if the Instrument is held as a non-business asset.

Upon the disposition, assignment or redemption of an Instrument a holder holding the Instrument as a non-business asset will have to include in his taxable income further amounts if the Instrument can be classified as a financial innovation (*Finanzinnovation*) under German tax law (including, among other things, Zero Coupon Instruments, Floating and Variable Rate Instruments, discounted Instruments, provided the discount exceeds certain thresholds, Notes being traded "flat", i.e. without Accrued Interest being credited separately, or stripped Notes, i.e. Notes traded without Coupons and Coupons traded without Notes). In this case, generally the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price is deemed to constitute interest income subject to income tax (plus the solidarity surcharge) in the year of the disposition, assignment or maturity of the Instrument. Where Instruments are issued in a currency other than euro the difference will be computed in the foreign currency and will then be converted into euro. Alternatively, the holder of the Instrument may show that such difference exceeds the difference between the redemption amount and the issue price of the Instrument to the extent attributable to the period over which he has held such Instrument. In this case only the lower pro-rated initial yield to maturity, if such amount is fixed at the time of issue, minus interest, including Accrued Interest already taken into account, is taxed as interest income.

Where an Instrument forms part of the property of a German trade or business, each year the part of the difference between the issue price of the Instrument and its redemption amount (if such amount is fixed at the time of the acquisition) attributable to such year as well as interest accrued must be taken into account as interest income and may also be subject to trade tax.

Capital gains from the disposition of Instruments, other than income described in the second paragraph above, are only taxable to a German tax-resident individual if the Instruments are disposed of within one year after their acquisition or form part of the property of a German trade or business, in which case the capital gains may also be subject to trade tax. Capital gains derived by German-resident corporate holders of Instruments will be subject to corporate income tax (plus solidarity surcharge at a rate of 5.5 per cent. thereon) and trade tax.

If Notes other than Notes in registered form are held in a custodial account which the holders of the Notes maintains with a German branch of a German or non-German bank or financial services institution (the **Disbursing Agent**) a 30 per cent. withholding tax on interest payments (*Zinsabschlag*), plus 5.5 per cent. solidarity surcharge on such tax, will be levied, resulting in a total tax charge of 31.65 per cent. of the gross interest payment. Withholding tax on interest is also imposed on Accrued Interest. The same applies to Loans and Notes in registered form.

In addition, if Notes other than Notes in registered form qualify as financial innovations, as explained above, and are kept in a custodial account that the holder of the Notes maintains with a Disbursing Agent such custodian will generally withhold tax at a rate of 30 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon) from the positive difference between the redemption amount or proceeds from the disposition or assignment and the issue or purchase price of the Notes if the Note has been kept in a custodial account with such Disbursing Agent since the time of issuance or acquisition, respectively. Where Notes are issued in a currency other than euro the difference will be computed in the foreign currency and will then be converted into euro. If the Notes have not been kept in a custodial account with a Disbursing Agent, withholding tax of 30 per cent. is applied to 30 per cent. of the amounts paid in partial or final redemption or the proceeds from the disposition or assignment of the

Notes, respectively. In the case of Loans and Notes in registered form withholding tax of 30 per cent. will be withheld from the positive difference between the redemption amount and the issue price by the obligor of these Instruments.

In computing the tax to be withheld the Disbursing Agent may deduct from the basis of the withholding tax any Accrued Interest paid by the holder of a Note to the Disbursing Agent during the same calendar year. This does not apply to Loans and Notes in registered form. In general, no withholding tax will be levied if the holder of an Instrument is an individual (i) whose Instrument does not form part of the property of a German trade or business nor gives rise to income from the letting and leasing of property; and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Instrument together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the holder of the Instrument has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

If Notes other than Notes in registered form are not kept in a custodial account with a Disbursing Agent, withholding tax will apply at a rate of 35 per cent. of the gross amount of interest paid by a Disbursing Agent upon presentation of a Coupon (whether or not presented with the Note to which it appertains) to a holder of such Coupon (other than a non-German bank or financial services institution) (*Tafel-geschäft*). In this case proceeds from the disposition, assignment or redemption of a Coupon, and if the Notes qualify as financial innovations 30 per cent. of the proceeds from the disposition, assignment or redemption of a Note, will also be subject to withholding tax at a rate of 35 per cent. Where the 35 per cent. withholding tax applies Accrued Interest paid cannot be taken into account in determining the withholding tax base. Again a solidarity surcharge at a rate of 5.5 per cent. of the withholding tax applies so that the total tax burden to be withheld is 36.925 per cent.

Withholding tax and the solidarity surcharge thereon are credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German resident. Amounts overwithheld will entitle the holder of an Instrument to a refund, based on an assessment to tax.

#### *Non-residents*

Interest, including Accrued Interest, and capital gains are not subject to German taxation, unless (i) the Instruments form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of an Instrument; or (ii) the interest income otherwise constitutes German-source income (such as income from the letting and leasing of certain German-situs property). In the latter case a tax regime similar to that explained above under "*Tax Residents*" applies. Capital gains from the disposition of Instruments other than proceeds from their sale or redemption recharacterised as interest income for German tax purposes (as explained above under "*Tax Residents*") are, however, only taxable in the case of (i) above.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph withholding tax is levied as explained above under "*Tax Residents*" if the Instrument is a Loan or a Note in registered form or a Note other than a Note in registered form that is held in a custodial account with a Disbursing Agent. Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposition or redemption of a Note other than a Note in registered form are paid by a Disbursing Agent to a non-resident, withholding tax of 35 per cent. will apply as explained above under "*Tax Residents*". The withholding tax may be refunded based upon an applicable tax treaty.

#### *Inheritance and Gift Tax*

No inheritance or gift taxes with respect to any Instrument will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Instrument is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

#### *Other Taxes*

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Instruments. Currently, net assets tax is not levied in Germany.

### *EU Savings Tax Directive*

On 3rd June, 2003, the Council of the European Economic and Finance Ministers (ECOFIN) adopted the Savings Tax Directive under which Member States will be required, from a date not earlier than 1st January, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Holders who are individuals should note that the Issuer will not pay additional amounts under § 7 of the Terms and Conditions of the Instruments in respect of any withholding tax imposed as a result of the EU Savings Tax Directive.

## Subscription and Sale

The Dealers have, in a programme agreement (the **Programme Agreement**) dated 14th May, 2004, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes and make Loans. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Instruments*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes and making of Loans under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States of America (the United States)

The Instruments have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Instruments are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Until 40 days after the commencement of the offering of any Instruments, an offer or sale of such Instruments 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 issue of Index Linked Instruments or Dual Currency Instruments shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Instruments, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

### 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 Instruments which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date of Notes or the Disbursement Date of Loans, will not offer or sell any such Instruments to persons in the United Kingdom except 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 otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments in, from or otherwise involving the United Kingdom;
- (c) in relation to any Instruments having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Instruments other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Instruments would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer; and
- (d) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes or the entering into or acceptance of a Loan in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

## Japan

Each Dealer understands that the Instruments have not been and will not be registered under the Securities and Exchange Law of Japan (the **Securities and Exchange Law**) and accordingly, each Dealer has agreed that it will not offer or sell any Instruments, directly or indirectly, 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 resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

## Germany

The Instruments may not be offered or sold in the Germany other than in compliance with the provisions of the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 13th December, 1990, as amended, or of any other laws applicable in Germany governing the issue, offering and sale of securities.

## The Netherlands

Each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any Instruments other than (i) Instruments with a minimum denomination of €50,000 (or the equivalent thereof in another currency) which Instruments are fully paid up at their issuance (ii) to persons who trade or invest in securities in the conduct of a profession or business (which includes banks, stockbrokers, insurance companies, investment undertakings, pension funds, other institutional investors and finance companies and treasury departments of large enterprises) or (iii) in circumstances where one of the exceptions to or exemptions from the prohibition contained in article 3(1) of the Dutch Securities Transactions Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*) applies.

## France

Each of the Dealers and the Issuer 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, Instruments to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular or any other offering material relating to the Instruments, and that such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Articles L.411-1 and L.411-2 of the *Code monétaire et financier* and décret no. 98-880 dated 1st October, 1998.

## General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or enters into or assigns Loans or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes or the entering into or assignment of Loans under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales, deliveries or sales of Notes or enters into or assigns Loans and neither the Issuer nor any other Dealer shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Instruments may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche of Note and each Loan, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Pricing Supplement.

# General Information

## Authorisation

The establishment of the Programme has been duly authorised by a resolution of the managing board of the former Landesbank NRW dated 27th January, 2004.

## Listing of Notes on the Luxembourg Stock Exchange

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. A legal notice relating to the Programme and the Statutes (*Satzung*) of NRW.BANK has been lodged with the Luxembourg trade and companies register (*Registre du Commerce et des Sociétés de Luxembourg*), where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated to the Programme the No. 12999 for listing purposes.

## Listing of Notes on the Düsseldorf Stock Exchange

Notes to be issued under the €20,000,000,000 Debt Issuance Programme have been admitted by the Düsseldorf Stock Exchange.

If Tranches of Notes under the Programme are listed on the Düsseldorf Stock Exchange, a Paying Agent for the Düsseldorf Stock Exchange will be appointed. This Paying Agent is expected to be Citibank and its branches. Clearing and settlement will be made through Clearstream Banking AG.

Supplements to this *Börsenzulassungssprospekt* in accordance with § 44 BörsZuIV (Stock Exchange Admission Regulation) will be published by keeping copies available for distribution free of charge at the Paying Agents in the Federal Republic of Germany specified in the *Börsenzulassungssprospekt* and at the Admission Board of the Düsseldorf Stock Exchange. Notice of where the relevant supplement may be obtained will be published in the *Börsenzeitung*.

## Documents Available for Inspection

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection and with respect to items (ii) and (iii) can be obtained without charge from the registered offices of the Agent and from the specified offices of the Paying Agents for the time being in Luxembourg and Düsseldorf:

- (i) the constitutional documents (together with a translation in English) of the Issuer;
- (ii) the consolidated financial statements of the Issuer in respect of the financial years ended 31st December, 2003 and 31st December, 2002;
- (iii) all future audited annual financial statements of the Issuer;
- (iv) the Programme Agreement and the Agency Agreement (which contains the forms of the Notes in global form, the Registered Notes, the definitive Notes, the Receipts, the Coupons, the Talons and the Certificate of Indebtedness);
- (v) this Offering Circular;
- (vi) any future prospectuses, offering circulars, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (vii) in the case of an issue of listed Notes subscribed pursuant to a Subscription Agreement, the Subscription Agreement (or equivalent document).

In addition, a copy of the documents set out in (iv), (v) and (vi) above can be obtained free of charge from the specified office of the relevant Paying Agent where so required by the rules of the relevant stock exchange on which any Series of Notes is to be listed.



Furthermore, for so long as any Düsseldorf Listed Notes remain outstanding, all documents referred to in this Offering Circular may be inspected free of charge during normal business hours on any day banks are open for general business in Germany, at the specified offices of NRW.BANK, Heerdter Lohweg 35, 40549 Düsseldorf.

### **Euroclear and Clearstream, Luxembourg**

The bearer Notes have been accepted for clearance through Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking société anonyme (**Clearstream Luxembourg** and together with Euroclear, the **Clearing System**). If the bearer Notes are to clear through any other clearing system (including Clearstream Banking AG and Euroclear France) the appropriate information will be specified in the applicable Pricing Supplement. The appropriate codes for each Tranche to be held through the Clearing System allocated by the Clearing System will be contained in the applicable Pricing Supplement.

### **Material Change**

Save as disclosed in this Offering Circular, there has been no adverse change in the financial position of the Issuer or its consolidated subsidiaries which is material in the context of the Programme or the issue and offering of Notes or the entering into of Loans thereunder, since 31st December, 2003, the date as at which the most recent audited financial statements of the Issuer were prepared.

### **Litigation**

#### *NRW.BANK*

There are, and during the past two financial years have been, no litigation, arbitration or administrative proceedings relating to claims or amounts which could have material effect on the financial situation of the Issuer nor, to the best of the knowledge and belief of the Issuer, are any such proceedings pending or threatened.

#### *WestLB AG*

In 1994, Germany's Association of Private Banks (BdB) filed a complaint with the European Commission against the 1992 integration of the State (Land) of North Rhine-Westphalia's Wohnungsbauförderungsanstalt (Wfa) into WestLB. The integration brought WestLB some two billion euros in additional liability capital. In a ruling against the private banks' first complaint, the Federal Banking Supervisory Office and the Directorate-General of the European Commission responsible for banks upheld the recognition of Wfa's assets as qualified contributions towards WestLB's capital adequacy.

In 1999, however, the European Commission issued a decision in which it held that the remuneration for the Wfa integration was too low and should be regarded as impermissible aid. According to the decision, around € 800 million of the aid should be reimbursed to the State of North Rhine-Westphalia. Including interest, the repayment amount was around €1.5 billion by the end of 2001. The Federal Government, the State of North Rhine-Westphalia and WestLB have filed appeals against the Commission's decision with the European Courts. The brief filed in these so-called proceedings for annulment alleges that the Commission's decision is not proper from a business standpoint and from the standpoint of the letter of the law and the laws on state aid.

The Bank is legally required to implement the Commission's decision, because European law prohibits postponing a decision's enforcement. The form proposed by the appellants for implementation of the Commission's decision was a value increase model, with an added portion of the Bank's growth since the Wfa integration being assigned to the State of North Rhine-Westphalia. However, the European Commission rejected the proposal and instituted proceedings for failure to fulfil an obligation against the Federal Republic of Germany, alleging that the proposal was not an implementation of the decision and that Germany was in breach of contract.

The European Court of Justice handed down its ruling in the matter of transposition on 12th December, 2002. Technically, the Federal Republic of Germany did not prevail. However, the Court of Justice also ruled that a transposition involving no cash was fundamentally compatible with Community law. This was a key point where WestLB and the European Court of Justice agreed, namely that non-cash solutions were permissible.

In a decision dated 6th March, 2003, the European Court ruled on the crux of the controversy surrounding the Wfa integration, i. e. whether the contribution of Wfa's capital and the remuneration for such contribution should be regarded as impermissible state aid.

Here, the Court held that the decision of the European Commission in 1999 was invalid, because the Commission did not give sufficient reasons with respect to the 12 per cent. base rate of return and 1.5 per cent. risk premium it alleged should have been the basis of the remuneration.

Since both of these parameters were of paramount importance to the economic analysis underlying the Commission's strategy, the Court was unable to make any definitive judgement on the reasonableness of the Wfa remuneration.

However, the Court also explained that it was not permitted to substitute its own economic analysis for the Commission's, and by doing so, afforded the Commission considerable leeway in the economic points of the matter at hand, points which are taken out of the realm of the Court's judgement as a result.

Therefore, it is to be expected that the Commission will follow the standard procedure in such cases and issue a new decision, since its original decision was overturned.

Save as disclosed above there are, and during the past two financial years have been, no litigation, arbitration or administrative proceedings relating to claims or amounts which could have a material effect on the financial situation of WestLB AG nor, to the best of the knowledge and belief of WestLB AG, are any such proceedings pending or threatened.

#### **Auditors**

The auditors of the Issuer are PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Germany for each of the financial years ended 31st December, 2003 and 31st December, 2002.

Aufgrund des vorstehenden Prospekts sind gemäß § 44 Börsenzulassungs-Verordnung unter dem

**€ 20.000.000.000,-**

**Debt Issuance Programme**

der

**NRW.BANK**

**Düsseldorf/Münster, Bundesrepublik Deutschland**

zu begebende Schuldverschreibungen gemäß § 44 Börsenzulassungs-Verordnung an der Düsseldorfer Wertpapierbörse zum Handel im amtlichen Markt zugelassen worden.

Düsseldorf, im Mai 2004

**NRW.BANK**

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Düsseldorf/Münster, in May, 2004

**NRW.BANK**

**REGISTERED OFFICES OF  
NRW.BANK**

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Germany

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Germany

**DEALERS**

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United Kingdom

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5 The North Colonnade  
Canary Wharf  
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United Kingdom

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Credit Suisse First Boston (Europe) Limited**

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United Kingdom

**Deutsche Bank Aktiengesellschaft**

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**Dresdner Bank Aktiengesellschaft**

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**HSBC Bank plc**

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United Kingdom

**J.P. Morgan Securities Ltd.**

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United Kingdom

**Morgan Stanley & Co. International Limited**

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Canary Wharf  
London E14 4QA  
United Kingdom

**Nomura International plc**

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United Kingdom

**NRW.BANK**

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**Société Générale**

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France

**The Royal Bank of Scotland plc**

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London EC2M 3UR  
United Kingdom

**UBS Limited**

1 Finsbury Avenue  
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**WestLB AG**

Herzogstraße 15  
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**AGENT**

**Citibank, N.A.**

5 Carmelite Street  
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United Kingdom

## PAYING AGENTS

**WestLB International S.A.**  
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2041  
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**WestLB AG**  
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40217 Düsseldorf  
Germany

## REGISTRAR

**Citibank, N.A.**  
5 Carmelite Street  
London EC4Y 0PA  
United Kingdom

## LUXEMBOURG LISTING AGENT

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Grande Duchesse Charlotte  
2041  
Luxembourg

## DÜSSELDORF LISTING AGENT

**WestLB AG**  
Herzogstraße 15  
40217 Düsseldorf  
Germany

## LEGAL ADVISERS

### To the Issuer

*in respect of German law*

**Internal Legal Department  
NRW.BANK**  
Heerdter Lohweg 35  
40549 Düsseldorf  
Germany

### To the Dealers

*in respect of German law*

**Allen & Overy LLP**  
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Germany

## INDEPENDENT AUDITORS

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