

# MIZUHO

## **MIZUHO SECURITIES CO., LTD.**

*(incorporated with limited liability in Japan)*

## **MIZUHO INTERNATIONAL PLC**

*(incorporated with limited liability in England and Wales)*

## **MIZUHO SECURITIES USA LLC**

*(organised under the laws of the State of Delaware, U.S.A.)*

### **U.S.\$13,000,000,000 Medium Term Note Programme**

This Base Prospectus supersedes the Base Prospectus originally dated 17 January 2020. Under the Medium Term Note Programme described in this Base Prospectus (the “Programme”), Mizuho Securities Co., Ltd. (“MHSC”), together with Mizuho International plc (“MHI”) and Mizuho Securities USA LLC (“MSUSA”) (each an “Issuer” and together, the “Issuers”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Medium Term Notes (the “Notes”). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$13,000,000,000 (or the equivalent in other currencies).

The Notes will not be guaranteed but MHSC, MHI and MSUSA each have the benefit of a Keep Well Agreement from Mizuho Financial Group, Inc. and Mizuho Bank, Ltd., as more fully described herein under “Amended and Restated Keep Well Agreement”. MHSC and MHI may issue Notes in bearer or registered form. MSUSA may issue Notes in registered form only.

Application has been made to admit the Notes to be issued under the Programme to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market (the “Euro MTF”). In relation to Notes listed on the Luxembourg Stock Exchange, this Base Prospectus is valid for a period of one year from the date hereof. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms (as defined on page 12) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Luxembourg Stock Exchange (or any other stock exchange).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws and may not be offered, sold, resold, traded or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act (“Regulation S”)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States (see “Subscription and Sale” and “Transfer Restrictions”).

If offered to non-U.S. persons outside the United States, the Notes are being offered and sold pursuant to the exemption from registration contained in Regulation S. There will be no public offer in the United States. The Notes may not at any time be offered, sold, resold, traded or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person. However, notwithstanding the above, the Final Terms may provide that MSUSA may arrange for the offer and sale of all or a portion of the Notes within the United States exclusively to persons who are qualified institutional buyers (“QIBs”) as defined in Rule 144A under the Securities Act (“Rule 144A”).

This Base Prospectus constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

*Arranger*

**Mizuho International plc**

*Dealers*

**Mizuho International plc  
Mizuho Securities USA LLC**

Each of the Issuers having made all reasonable enquiries accepts responsibility for this Base Prospectus and confirms that this Base Prospectus contains all information with respect to the Issuers and their respective subsidiaries taken as a whole (the “Group”) and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuers and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Base Prospectus with regard to the Issuers and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuers, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Base Prospectus misleading in any material respect and all reasonable enquiries have been made by each of the Issuers to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers or any of the Dealers or the Arranger (as defined in “Summary of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuers since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuers, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and the regulations thereunder). For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and, in the case of Registered Notes issued by MSUSA which are intended to be sold within the United States, within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Base Prospectus see “Subscription and Sale” and “Transfer Restrictions”.

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

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuers or the Dealers to subscribe for, or purchase, any Notes. This Base Prospectus may only be used for the purposes for which it has been published.

To the fullest extent permitted by applicable law, none of the Dealers or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other statement made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuers or the issue and offering of the Notes. The Arranger and each of the Dealers accordingly disclaims, to the extent permitted under applicable law, all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger relating to the financial condition or affairs of the Issuers during the life of the arrangements contemplated by this Base Prospectus.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “dollars”, “U.S. dollars” and “U.S.\$” are to United States dollars, references to “EUR”, “€” and “euro” are to euros, references to “¥”, “JPY” and “Yen” are to Japanese Yen, references to “£” and “Sterling” are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (the “U.K.”), references to the “PRC” or “China” are to the People’s Republic of China, excluding Taiwan, Hong Kong and Macau and references to “CNY” are to the lawful currency of the PRC.

Where information in this Base Prospectus has been sourced from third parties this information has been accurately reproduced and, as far as the Issuers are aware and are able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**In connection with any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended) (the “Financial Instruments and Exchange Act”), and (in the case of Notes issued by MHSC) are subject to the Act on Special Measures Concerning Taxation of Japan (Law No. 26 of 1957, as amended) (the “Act on Special Measures Concerning Taxation”). The Notes may not be offered or sold in Japan or to residents of Japan, or to others for reoffering or re-sale, directly or indirectly, in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other regulations of Japan. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.

**EEA MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – Where relevant the Final Terms in respect of any Notes will include a legend which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering,

selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – If the Final Terms in respect of any Notes includes a legend entitled "PROHIBITION OF SALES TO EEA RETAIL INVESTORS", the Notes are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). No key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been or will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

**UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET** – Where relevant the Final Terms in respect of any Notes will include a legend which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – If the Final Terms in respect of any Notes includes a legend entitled "PROHIBITION OF SALES TO UK RETAIL INVESTORS", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. No key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or

otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Singapore SFA Product Classification:** In connection with Section 309B of the SFA (Chapter 289) of Singapore, as modified or amended from time to time (as defined in “Subscription and Sale”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the relevant Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that (i) Notes which are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products); and (ii) all other Notes are not ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and are Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

**Use of rates or indices:** Amounts payable under the Notes may be calculated or otherwise determined by reference to the London Interbank Offered Rate (“LIBOR”), the Euro-zone Interbank Offered Rate (“EURIBOR”), the Sterling Overnight Index Average (“SONIA”), the Secured Overnight Financing Rate (“SOFR”) or another rate or index or a combination thereof. Any such rate or index or combination thereof may constitute a benchmark for the purposes of the Benchmark Regulation (Regulation (EU) 2016/1011) (as amended, the “Benchmark Regulation”). If any such rate or index or combination thereof does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to the Benchmark Regulation. Not every rate or index or combination thereof will fall within the scope of the Benchmark Regulation. Furthermore the transitional provisions in article 51 of the Benchmark Regulation apply such that the administrator of a particular benchmark may not currently be required to obtain authorisation or registration (or, if located outside the European Union and the United Kingdom, recognition, endorsement or equivalence).

The UK Financial Conduct Authority has announced that after 2021 it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark and that the continuation of LIBOR on the current basis could not and would not be guaranteed after 2021 by the UK Financial Conduct Authority. The potential replacement of LIBOR, EURIBOR or any other benchmark, or changes in the manner of administration or reporting of any benchmark could require or result in an adjustment to the interest provisions of the conditions of Notes (as further described in Condition 9E) or trigger an early redemption of the Notes, or result in other consequences, in respect of any Notes linked to such benchmark. Any such consequence could have a material adverse effect on the value and marketability of, and return on, any Notes linked to LIBOR, EURIBOR or another benchmark.

Investors should be aware that the market continues to develop in relation to Risk Free Rates (“RFRs”) such as SONIA and SOFR, as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates.

The market or a significant part thereof may adopt an application of RFRs that differs significantly from that set out in the Terms and Conditions and used in relation to any Notes that reference RFRs issued under the Programme. Each Issuer may in the future also issue Notes referencing RFRs that differ materially in terms of interest determination when compared with any previous Notes referencing the same RFR issued by it, or another Issuer, under the Programme. The development of RFRs as interest rates for Floating Rate Notes in the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes issued under the Programme which reference any such RFR from time to time.

Furthermore, the basis of deriving certain RFRs such as SONIA and SOFR may mean that interest on Notes which reference any such RFR will only be capable of being determined after the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference any such RFR to accurately estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Investors should consider these matters when making their investment decision with respect to any such Notes.

In addition, the manner of adoption or application of RFRs in the Eurobond markets may differ materially compared with the application and adoption of such RFRs in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of RFRs across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such RFRs.

Since RFRs are relatively new market indices, Notes linked to any such RFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing any RFR, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that any RFR to which a series of Notes refers will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes referencing the relevant RFR. If the manner in which such RFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

**Japanese withholding tax:** Interest payments on Notes issued by MHSC generally will be subject to Japanese withholding tax unless the holder establishes that the Notes are held by or for the account of a holder who is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a party having a special relationship with the Issuer as described in Article 6, paragraph 4 of the Act on Special Measures Concerning Taxation, (ii) a Japanese designated financial institution described in Article 6, paragraph 9 of the Act on Special Measures Concerning Taxation, which complies with the requirement for tax exemption under that paragraph or (iii) a Japanese public corporation, a Japanese financial institution or a Japanese financial instruments business operator, etc. described in Article 3-3, paragraph 6 of the Act on Special Measures Concerning Taxation, which complies with the requirement for tax exemption under that paragraph. For withholding tax due and payable during the period beginning on 1 January 2013 and ending on 31 December 2037, a special additional withholding tax will be imposed. For more details, see “Taxation-Japan”.

By subscribing to Notes to be issued by MHSC, an investor will be deemed to have represented that it is a beneficial owner that is (i) for Japanese tax purposes, not any one of (x) an individual resident of Japan, (y) a Japanese corporation, and (z) an individual non-resident of Japan or a non-Japanese corporation that is a party having a special relationship with MHSC as provided for in Article 3-2-2, paragraph 5 of the Cabinet Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, as amended; the “Cabinet Order”) or (ii) a Japanese financial institution designated in Article 3-2-2, paragraph 29 of the Cabinet Order.

## ENFORCEABILITY OF JUDGMENTS

MHSC and MHI are corporations organised under the laws of Japan and England and Wales, respectively. None of the directors and executive officers of MHSC and MHI are necessarily residents of the United States, and all

or a substantial portion of the assets of MHSC and MHI and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon MHSC or MHI or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

### **AVAILABLE INFORMATION**

MSUSA has agreed that, for so long as any Notes that it issues are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, it will during any period that it is neither subject to section 13 or 15(d) of the United States Securities and Exchange Act of 1934 (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any holder or beneficial owner of such restricted securities or any prospective purchaser designated by any such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This Base Prospectus includes forward-looking statements. The words “anticipate”, “believe”, “expect”, “plan”, “intend”, “targets”, “aims”, “estimate”, “project”, “will”, “would”, “may”, “could”, “continue” and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Issuers, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuers’ actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuers’ present and future business strategies and the environment in which the Issuers expect to operate in the future. Important factors that could cause the Issuers’ actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other factors referenced in this Base Prospectus:

- declines in the value of the Issuers’ securities portfolio, including as a result of the declines in stock markets and the impact of the dislocation in the global financial markets;
- instability in the global financial markets, including Japan, and potential failure of actions by governments to stabilize financial markets and promote economic recovery;
- changes in interest rates;
- foreign exchange rate fluctuations;
- decrease in the market liquidity of the Issuers’ assets;
- the Issuers’ ability to integrate any recently merged operations and any future expansion of their businesses;
- incurrence of significant credit-related costs;
- revised assumptions or other changes related to the Issuers’ pension plans;
- a decline in the Issuers’ tax assets;
- the impact of regulatory sanctions against any of the Issuers;

- failure to maintain required capital adequacy ratio levels;
- downgrades in the Issuers' credit ratings;
- the Issuers' ability to avoid reputational harm;
- the effectiveness of the Issuers' operation, legal and other risk management policies;
- the effect of changes in general economic conditions in Japan, UK, US and elsewhere;
- amendments and other changes to the laws and regulations that are applicable to the Issuers;
- changes in the competitive environment in which the Issuers and their customers operate;
- actions taken by the Issuers' joint venture partners that may not be in accordance with the Issuers' policies and objectives; and
- actions taken by the Issuers' controlling shareholders that are not in line with, or may conflict with, the best interests of the Issuers and/or the holders of the Issuers' debt, including Noteholders.

Forward-looking statements speak only as of the date of this Base Prospectus and the Issuers expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements in this Base Prospectus to reflect any change in the Issuers' expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Issuers cannot assure you that projected results or events will be achieved and the Issuers caution you not to place undue reliance on these statements.

## **DOCUMENTS INCORPORATED BY REFERENCE**

This Base Prospectus should be read and construed in conjunction with (i) each relevant Final Terms, (ii) the published audited consolidated annual accounts of MHSC for the years ended 31 March 2019 and 31 March 2020 and the published, unaudited consolidated accounts of MHSC for the six months ended 30 September 2020, (iii) the audited consolidated annual accounts of MHI for the years ended 31 March 2019 and 31 March 2020 and the unaudited consolidated accounts of MHI for the six months ended 30 September 2020, (iv) the audited consolidated statements of financial condition of MSUSA for the years ended 31 March 2019 and 31 March 2020, and the unaudited consolidated statement of financial condition of MSUSA for the six months ended 30 September 2020, (v) any annual accounts and interim accounts (whether audited or unaudited, consolidated or non-consolidated) of MHSC, MHI and MSUSA published subsequently to such accounts from time to time, and (vi) the "Risks Relating to Our Business" section from "Item 3.D. Key Information–Risk Factors" of MHFG's (as defined herein) annual report on Form 20-F for the fiscal year ended 31 March 2020, filed with the United States Securities and Exchange Commission on 2 July 2020, to the extent such risks relate to each Issuer as a member of the MHFG group, in each case, which shall be deemed to be incorporated in, and form part of, this Base Prospectus and which shall be deemed to modify or supersede the contents of this Base Prospectus to the extent that a statement contained in any such document is inconsistent with such contents.

Copies of all documents deemed to be incorporated by reference herein will be available without charge from the specified office of the Issuing and Paying Agent in Luxembourg and, except the documents described under (v) above, the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). References to "this Base Prospectus" shall mean this document and all of the documents from time to time incorporated by reference herein, including any supplemental Base Prospectus that may be prepared from time to time, and forming a part hereof.



## **SUPPLEMENTAL PROSPECTUS**

Each of the Issuers has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Base Prospectus whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Base Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuers, and the rights attaching to the Notes, the Issuers shall prepare an amendment or supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall file such amendment, supplement or replacement Base Prospectus with the Luxembourg Stock Exchange and shall supply to each Dealer and the Luxembourg Stock Exchange such number of copies of such supplement hereto as such Dealer and the Luxembourg Stock Exchange may reasonably request.

### **MAXIMUM AMOUNT OF THE PROGRAMME**

This Base Prospectus and any supplement will only be valid for the issue and offering of Notes in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes or other obligations previously or simultaneously issued under the Programme, does not exceed U.S.\$13,000,000,000 or its equivalent in other currencies, subject to increase as provided in the Dealer Agreement (as defined in “Subscription and Sale”). For the purpose of calculating the U.S. dollar equivalent of the aggregate principal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Relevant Currency (as specified in the relevant Final Terms or supplemental Base Prospectus) shall be determined by the relevant Issuing and Paying Agent (as defined in “Summary of the Programme”) on behalf of the relevant Issuer as of the date of issue of any Notes;
- (b) the U.S. dollar equivalent of dual currency Notes and partly-paid Notes shall be calculated in the manner specified above by reference to the original principal amount of such Notes (in the case of partly-paid Notes, regardless of the subscription price paid); and
- (c) the U.S. dollar equivalent of Zero Coupon Notes and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue and the amount of such net proceeds shall be determined by the relevant Dealer to whom such Notes have been issued.

## TABLE OF CONTENTS

|  | <b>Page</b> |
|--|-------------|
| SUMMARY OF THE PROGRAMME .....   | 11          |
| TERMS AND CONDITIONS OF THE NOTES .....                                | 17          |
| SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM ..... | 68          |
| USE OF PROCEEDS .....  | 75          |
| MIZUHO SECURITIES CO., LTD. ....                                       | 76          |
| MIZUHO INTERNATIONAL PLC .....   | 82          |
| MIZUHO SECURITIES USA LLC .....  | 86          |
| TAXATION .....   | 93          |
| CERTAIN ERISA CONSIDERATIONS .....                                     | 113         |
| SUBSCRIPTION AND SALE .....  | 115         |
| CLEARANCE AND SETTLEMENT .....   | 121         |
| TRANSFER RESTRICTIONS .....  | 125         |
| AMENDED AND RESTATED KEEP WELL AGREEMENT .....                         | 129         |
| FORM OF FINAL TERMS .....  | 132         |
| CREDIT LINKED NOTES ANNEX .....  | 153         |
| GENERAL INFORMATION .....  | 252         |

## SUMMARY OF THE PROGRAMME

*The following summary is qualified in its entirety by the remainder of this Base Prospectus.*

|                                 |  |
|---------------------------------|--|
| <b>Issuers</b>                  | Mizuho Securities Co., Ltd.<br>(Legal Entity Identifier: 549300I6K0JHSVK8I066)<br>Mizuho International plc<br>(Legal Entity Identifier: 213800HZ54TG54H2KV03)<br>Mizuho Securities USA LLC<br>(Legal Entity Identifier: 7TK5RJIZDFROZCA6XF66)  |
| <b>Description</b>              | U.S.\$13,000,000,000 Medium Term Note Programme  |
| <b>Size</b>                     | Up to U.S.\$13,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.   |
| <b>Arranger</b>                 | Mizuho International plc   |
| <b>Dealers</b>                  | Mizuho International plc<br>Mizuho Securities USA LLC<br><br>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “Permanent Dealers” are to Mizuho International plc, Mizuho Securities USA LLC and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches. |
| <b>Issuing and Paying Agent</b> | Mizuho Trust & Banking (Luxembourg) S.A. in respect of Unrestricted Notes and Deutsche Bank Trust Company Americas in respect of Restricted Notes.   |
| <b>Registrar</b>                | Mizuho Trust & Banking (Luxembourg) S.A. in respect of Unrestricted Notes and Deutsche Bank Trust Company Americas in respect of Restricted Notes.   |
| <b>Exchange Agent</b>           | An Exchange Agent may be appointed pursuant to the Issuing and Paying Agency Agreement in respect of any Series of Restricted Notes which are not denominated in USD.  |
| <b>Method of Issue</b>          | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price,                                   |

first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a final terms supplement to this Base Prospectus (the “Final Terms”).

**Issue Price**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes**

The Notes issued by MHSC or MHI may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or in registered form only (“Registered Notes”). The Notes issued by MSUSA may be issued as Registered Notes only.

Each Series of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “Temporary Global Note”) or a permanent global note in bearer form (each a “Permanent Global Note” and, together with the Temporary Global Notes, the “Global Notes”), and will be sold in an “offshore transaction” within the meaning of Regulation S under the Securities Act. Interests in Temporary Global Notes generally will be exchangeable for interests in Permanent Global Notes or, if so stated in the relevant Final Terms, definitive Notes (“Definitive Notes”), after the date falling 40 days after the later of the commencement of the offering and the issue date of the relevant Tranche upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under “Summary of Provisions Relating to the Notes while in Global Form”.

Notes in registered form (“Registered Notes”) will be represented by registered certificates (each a “Certificate”), one Certificate being issued in respect of each Holder’s entire holding of Registered Notes of one Series.

Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”. Registered Notes sold in an “offshore transaction” within the meaning of Regulation S will initially be represented by (i) if the Issuer is MSUSA, a temporary registered global certificate (each a “Temporary Unrestricted Global Certificate”) or (ii) if the Issuer is MHSC or MHI, a permanent registered global certificate (each a “Permanent Unrestricted Global Certificate”, and, together with each Temporary Unrestricted Global Certificate, an “Unrestricted Global Certificate”) without interest coupons. Interests in Temporary Unrestricted Global Certificates generally will be exchangeable for interests in Permanent Unrestricted Global Certificates or, if so stated in the relevant Final Terms, definitive certificates (“Definitive Certificates”), after the date falling 40 days after the later of the commencement of the offering and the issue date of the relevant Tranche upon certification as to non-

U.S. beneficial ownership. Registered Notes issued by MSUSA sold in the United States to “qualified institutional buyers” (each, a “QIB”) within the meaning of Rule 144A (“Restricted Notes”) will initially be represented by a permanent registered global certificate (each a “Restricted Global Certificate”), without interest coupons, which may be deposited on the relevant issue date with a custodian (the “Custodian”) for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company (“DTC”). Notes issued by MHSC or MHI will not be sold in the United States or settled through DTC. The provisions governing the exchange of interests in Global Certificates for other Global Certificates and Definitive Certificates are described in “Summary of Provisions Relating to the Notes while in Global Form”.

**Clearing Systems**

Clearstream Banking, S.A. (“Clearstream, Luxembourg”) and Euroclear Bank SA/NV (“Euroclear”) for Bearer Notes, Clearstream, Luxembourg, Euroclear and, in the case of Notes issued by MSUSA, DTC for Registered Notes and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the relevant Issuing and Paying Agent and the relevant Dealer.

**Initial Delivery of Notes**

Global Notes which are stated in the applicable Final Terms to be issued in new global note (“NGN”) form and the Global Certificates which are stated in the applicable Final Terms to be held under the New Safekeeping Structure (“NSS”) will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear and Clearstream, Luxembourg. Global Notes which are not issued in NGN form (“Classic Global Notes” or “CGNs”) and Global Certificates which are not held under the NSS may (or, in the case of Notes listed on the Luxembourg Stock Exchange, will) be deposited on the issue date with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the “Common Depository”). Global Notes or Global Certificates for a Series which is intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg, or delivered outside a clearing system, will be delivered as agreed between the relevant Issuer, the relevant Issuing and Paying Agent (as defined herein) and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

**Currencies**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, any maturity between seven days and perpetuity.

**Denomination**

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, unless otherwise required by then applicable laws and regulations. Notes which have a maturity of less

than one year and, in the case of Notes issued by MHSC or MSUSA in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, will have a minimum denomination of £100,000 (or its equivalent in other currencies) and, in the case of any Notes to be sold in the United States to QIBs, will have a minimum specified denomination of U.S.\$100,000.

**Fixed Rate Notes**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR (London Interbank Offered Rate), LIBID (London Interbank Bid Rate), LIMEAN (Mean average of LIBOR and LIBID), EURIBOR (Euro-zone Interbank Offered Rate), CNH HIBOR (CNH Hong Kong Interbank Offered Rate), SOFR (Secured Overnight Financing Rate) or SONIA (Sterling Overnight Index Average) (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

**Zero Coupon Notes**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Credit Linked Notes**

Amounts payable in respect of Credit Linked Notes will be calculated by reference to the occurrence of Credit Events in respect of a specified entity or entities. The Notes will be redeemed by payment of the relevant Auction or Cash Redemption Amount or delivery of Physical Redemption Assets, depending on the redemption basis specified in the applicable Final Terms. Please see the Credit Linked Notes Annex starting on page 153 for a description of, and the terms and conditions applicable to, Credit Linked Notes.

**Interest Periods and Interest Rates**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Final Terms.

**Redemption**

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes which have a maturity of less than one year and, in the case of Notes issued by MHSC or MSUSA in respect of which the issue proceeds are to be accepted by the Issuer in the United

Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Redemption by Instalments**

The Final Terms in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Optional Redemption**

The Final Terms in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

**Status of Notes**

The Notes will constitute unsubordinated and unsecured obligations of the Issuer as described in “Terms and Conditions of the Notes — Status of the Notes”.

**Keep Well Agreement**

MSUSA, MHI and MHSC have the benefit of a Keep Well Agreement from Mizuho Financial Group, Inc. and Mizuho Bank, Ltd. (as described in “Terms and Conditions of the Notes”). The Keep Well Agreement is not a guarantee of the obligations of MSUSA, MHI or MHSC under the Notes issued by MSUSA, MHI or MHSC or the Deed of Covenant (as described in the “Terms and Conditions of the Notes”) executed by MSUSA, MHI and MHSC. The Keep Well Agreement is governed by, and shall be construed in accordance with, English law.

**Negative Pledge**

As described in “Terms and Conditions of the Notes — Negative Pledge”.

**Cross Default**

As described in “Terms and Conditions of the Notes — Events of Default”.

**Early Redemption**

Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes – Redemption and Purchase”.

**Withholding Tax**

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Kingdom (in the case of MHI), the United States (in the case of MSUSA) or Japan (in the case of MHSC), unless the withholding or deduction is required by law. In that event the Issuer, subject to customary exceptions may (subject as provided in Condition 8 (Taxation)) be required to pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of the Notes had no such withholding been required, all as described in “Terms and Conditions of the Notes — Taxation”.

**Governing Law**

English.

**Listing**

Application has been made to admit the Notes to be issued under the Programme to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF. Notes may also be listed

as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

### **Selling Restrictions**

The United States, the European Economic Area, the United Kingdom and Japan. See “Subscription and Sale”.

MHSC and MHI are Category 2 for the purposes of Regulation S under the Securities Act.

*Additional restrictions will apply to the offer, sale, transfer, resale and hedging of certain Notes where the underlying shares are equity securities of one or more U.S. domestic issuers issued by MHSC and MHI. See “Subscription and Sale – Selling Restrictions – Provisions Relating to Notes Linked to US Domestic Equities issued by MHSC and MHI”.*

MSUSA is Category 3 for the purposes of Regulation S under the Securities Act.

Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)) (the “TEFRA D Rules”) unless (i) the relevant Final Terms states that the Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “TEFRA C Rules”) or (ii) the Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

### **Transfer Restrictions**

There are restrictions on the transfer of Notes sold pursuant to Regulation S under the Securities Act prior to the expiration of the relevant distribution compliance period and on the transfer of Registered Notes sold pursuant to Rule 144A under the Securities Act. See “Transfer Restrictions”.



## TERMS AND CONDITIONS OF THE NOTES

*The following, save for the paragraphs in italics, are the Terms and Conditions of the Notes which as supplemented, modified or replaced in relation to any Notes by the relevant Final Terms, will be applicable to each Series of Notes:*

The Notes are issued pursuant to and in accordance with an amended and restated issuing and paying agency agreement (as amended, supplemented and/or replaced from time to time, the “Issuing and Paying Agency Agreement”) dated 15 January 2021 and made between Mizuho Securities Co., Ltd. (“MHSC”), Mizuho International plc (“MHI”) and Mizuho Securities USA LLC (“MSUSA”) (each an “Issuer”), Mizuho Trust & Banking (Luxembourg) S.A. in its capacity as Issuing and Paying Agent in relation to Unrestricted Notes and Deutsche Bank Trust Company Americas in its capacity as Issuing and Paying Agent in relation to Restricted Notes (each, in such capacity, the “Issuing and Paying Agent”, which expression shall include any successor to Mizuho Trust & Banking (Luxembourg) S.A. and/or Deutsche Bank Trust Company Americas, as applicable, each in its capacity as such), and Mizuho Trust & Banking (Luxembourg) S.A. in its capacity as registrar in relation to Unrestricted Notes and Deutsche Bank Trust Company Americas in its capacity as registrar in relation to Restricted Notes (each, in such capacity, the “Registrar”, which expression shall include any successor to Mizuho Trust & Banking (Luxembourg) S.A. and/or Deutsche Bank Trust Company Americas, as applicable, each in its capacity as such) and Mizuho Bank, Ltd., London Branch as paying agent (the “Paying Agent”, which expression shall include any successor to Mizuho Bank, Ltd., London Branch in its capacity as such). The Notes have the benefit of an amended and restated deed of covenant (as amended, supplemented and/or replaced from time to time, the “Deed of Covenant”) dated 15 January 2021 and executed by the Issuers in relation to the Notes and an amended and restated keep well agreement (as amended, supplemented and/or replaced from time to time, the “Keep Well Agreement”) dated 15 January 2021 between Mizuho Financial Group, Inc., Mizuho Bank, Ltd. and the Issuers. Copies of the Issuing and Paying Agency Agreement, the Deed of Covenant and the Keep Well Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents and the Registrar. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issuing and Paying Agency Agreement, the Deed of Covenant and the Keep Well Agreement insofar as they relate to the relevant Notes.

*References to “Issuer” in these Terms and Conditions shall refer to MHI, MSUSA or MHSC, whichever is issuing a Tranche or Series of Notes.*

The Notes are issued in series (each, a “Series”), and each Series may comprise one or more tranches (“Tranches” and each, a “Tranche”) of Notes. Each Tranche will be the subject of a final terms (each, a “Final Terms”), a copy of which will only be available for inspection by a Holder (as defined below) of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of such Notes, during normal business hours at the specified office of the Issuing and Paying Agent and/or, as the case may be, the Registrar.

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

References in these Terms and Conditions to Notes are to Notes of the relevant Series and any references to Coupons (as defined in Condition 1.6) and Receipts (as defined in Condition 1.7) are to Coupons and Receipts relating to Notes of the relevant Series.

References in these Terms and Conditions to the Final Terms are to the Final Terms or Final Terms(s) prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by the Final Terms.

If the relevant Final Terms indicate that “Credit Linked Conditions” are applicable, then the Credit Linked Conditions will apply in addition to these Terms and Conditions.

Terms defined in the Issuing and Paying Agency Agreement shall have the same meanings when used herein.

## **1. Form and Denomination**

1.1 Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) as specified in the Final Terms and are serially numbered. Registered Notes will not be exchangeable for Bearer Notes. MSUSA may only issue Registered Notes.

1.2 The Final Terms shall specify whether U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)) (the “TEFRA D Rules”) or U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “TEFRA C Rules”) shall apply to Bearer Notes. Unless the Final Terms specifies that TEFRA C Rules are applicable to the Notes, each Tranche of Bearer Notes is represented upon issue by a temporary global Note (a “Temporary Global Note”).

Where the Final Terms applicable to a Tranche of Bearer Notes specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Final Terms) represented upon issue by a permanent global Note (a “Permanent Global Note”).

Interests in the Temporary Global Note may be exchanged for:

- (i) interests in a Permanent Global Note; or
- (ii) if so specified in the Final Terms, definitive instruments in bearer form (“Definitive Notes”) and/or (in the case of a Series comprising both Bearer Notes and Registered Notes and if so specified in the Final Terms) Registered Notes.

Exchanges of interests in a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as specified in the Final Terms) and (unless the Final Terms specifies that the TEFRA C Rules are applicable to the Notes) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Notes will be made at any time or from such date as may be specified in the Final Terms, in each case, without any requirement for certification.

1.3 The bearer of any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole but not in part only) for a Permanent Global Note or for delivery of Definitive Notes and/or Registered Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date nor be entitled to exercise any option on a date after the Exchange Date.

- 1.4 Unless the Final Terms specifies that the TEFRA C Rules are applicable to the Notes and subject to Condition 1.3 above, if any date on which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear Bank SA/NV (“Euroclear”) or Clearstream Banking, S.A. (“Clearstream, Luxembourg”) or any other relevant clearing system. Payments of amounts due in respect of a Permanent Global Note or (subject to Condition 1.3 above) a Temporary Global Note (if the Final Terms specifies that the TEFRA C Rules are applicable to the Notes) will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.
- 1.5 Interests in a Permanent Global Note will be exchanged by the Issuer in whole but not in part only at the option of the Holder of such Permanent Global Note, for Definitive Notes and/or (in the case of a Series comprising both Bearer and Registered Notes and if so specified in the Final Terms) Registered Notes, (a) if an Event of Default occurs in respect of any Note of the relevant Series; or (b) if either Euroclear or Clearstream, Luxembourg or DTC or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so, in either case at the cost and expense of the Issuer. If the Issuer does not make the required delivery of Definitive Notes and/or Registered Notes by 6.00 p.m. (London time) or 5.00 p.m. (New York time) as applicable on the day on which the relevant notice period expires or, as the case may be, the thirtieth day after the day on which such Permanent Global Note becomes due to be exchanged and, in the case of (a) above, such Note is not duly redeemed (or the funds required for such redemption are not available to the Issuing and Paying Agent for the purposes of effecting such redemption and do not remain available for such purpose) by 6.00 p.m. (London time) or 5.00 p.m. (New York time) as applicable on the thirtieth day after the day at which such Note became immediately redeemable such Permanent Global Note will become void in accordance with its terms but without prejudice to the rights conferred by the Deed of Covenant.
- 1.6 Interest-bearing Definitive Notes have endorsed thereon a grid for recording the payment of interest or, if so specified in the Final Terms, have attached thereto at the time of their initial delivery coupons (“Coupons”), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Interest-bearing Definitive Notes, if so specified in the Final Terms, have attached thereto at the time of their initial delivery, a talon (“Talon”) for further coupons and the expression “Coupons” shall, where the context so requires, include Talons.
- 1.7 Notes, the principal amount of which is repayable by instalments (“Instalment Notes”) which are Definitive Notes, have endorsed thereon a grid for recording the repayment of principal or, if so specified in the Final Terms, have attached thereto at the time of their initial delivery, payment receipts (“Receipts”) in respect of the instalments of principal.

## **Denomination**

### ***Denomination of Bearer Notes***

- 1.8 Bearer Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms; provided, however that in the case of any Notes which are to be offered in circumstances which otherwise require the publication of a Prospectus under the Prospectus Regulation, the minimum denomination shall be €100,000 (or its

equivalent in any other currency as at the date of issue of the relevant Notes). Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.

### ***Denomination of Registered Notes***

- 1.9 Registered Notes are in the minimum denomination specified in the Final Terms or integral multiples thereof. In the case of Registered Notes issued by MSUSA to be sold in the United States to “qualified institutional buyers” (each, a “QIB”) within the meaning of Rule 144A (“Rule 144A”) under the United States Securities Act of 1933, as amended (the “Securities Act”), the minimum denomination shall be U.S.\$100,000 (or its approximate equivalent in any other currency as at the date of issue of the relevant Notes).

### ***Currency of Notes***

- 1.10 The Notes are denominated in such currency as may be specified in the Final Terms. Any currency may be so specified (including, without limitation, Australian Dollars (“AUD”), Brazilian Real (“BRL”), Canadian Dollars (“CAD”), Chinese Yuan (“CNY”), Czech Koruna (“CZK”), Danish Kroner (“DKK”), Euros (“EUR” or “euro”), Hong Kong Dollars (“HKD”), Japanese Yen (“JPY”), New Zealand Dollars (“NZD”), Norwegian Kroner (“NKR”), Pounds Sterling (“GBP”), South African Rand (“ZAR”), Swedish Kronor (“SEK”), Swiss Francs (“CHF”) and United States Dollars (“USD”)), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

### ***Partly Paid Notes***

- 1.11 Notes may be issued on a partly paid basis (“Partly Paid Notes”) if so specified in the Final Terms. The subscription moneys therefor shall be paid in such number of instalments (“Partly Paid Instalments”) in such amounts, on such dates and in such manner as may be specified in the Final Terms. The first such instalment shall be due and payable on the date of issue of the Notes. For the purposes of these Terms and Conditions, in respect of any Partly Paid Note, “Paid Up Amount” means the aggregate amount of all Partly Paid Instalments in respect thereof as shall have fallen due and been paid up in full in accordance with the Terms and Conditions.

Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly Paid Instalment (other than the first such Instalment) the Issuer shall publish a notice in accordance with Condition 14 stating the due date for payment thereof and stating that failure to pay any such Partly Paid Instalment on or prior to such date will entitle the Issuer to forfeit the Notes with effect from such date (“Forfeiture Date”) as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly Paid Instalment), unless payment of the relevant Partly Paid Instalment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly Paid Instalments paid in respect of any Notes subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly Paid Instalment so returned.

Interest shall accrue on any Partly Paid Instalment which is not paid on or prior to the due date for payment thereof at the Interest Rate (as defined in Condition 5.11) (in the case of non-interest bearing Notes, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Notes for the period from and including the due date for payment of the relevant Partly Paid Instalment up to but excluding the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly Paid Instalment made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day as defined in Condition 5.11).

Unless an Event of Default shall have occurred and be continuing on the Forfeiture Date, the Issuer shall forfeit all of the Notes in respect of which any Partly Paid Instalment shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly Paid Instalments previously paid in respect of such Notes and shall be discharged from any obligation to repay such amount or to pay interest thereon, or (where such Notes are represented by a Temporary Global Note or a Permanent Global Note) to exchange any interests in such Note for interests in a Permanent Global Note or to deliver Definitive Notes or Registered Notes in respect thereof, but shall have no other rights against any person entitled to the Notes which have been so forfeited.

Without prejudice to the right of the Issuer to forfeit any Notes, for so long as any Partly Paid Instalment remains due but unpaid, and except in the case where an Event of Default shall have occurred and be continuing (a) no interests in a Temporary Global Note may be exchanged for interests in a Permanent Global Note and (b) no transfers of Registered Notes or exchanges of Bearer Notes for Registered Notes may be requested or effected.

Until such time as all the subscription moneys in respect of Partly Paid Notes shall have been paid in full and except in the case where an Event of Default shall have occurred and be continuing or if any of Euroclear or Clearstream, Luxembourg or DTC or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so, no interests in a Temporary Global Note or a Permanent Global Note may be exchanged for Definitive Notes or Registered Notes.

## **2 Title and Transfer**

- 2.1 Title to Bearer Notes, Receipts and Coupons passes by delivery.
- 2.2 Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar.
- 2.3 The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

### ***Transfer of Registered Notes and exchange of Bearer Notes for Registered Notes***

- 2.4 A Registered Note may, upon the terms and subject to the conditions set forth in the Issuing and Paying Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.
- 2.5 If so specified in the Final Terms, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Issuing and Paying Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Issuing and Paying Agent or of the Registrar together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.6) where the exchange date would, but for the

provisions of Condition 2.6, occur between the Record Date (as defined in Condition 9B.3) for such payment of interest and the date on which such payment of interest falls due.

- 2.6 Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Issuing and Paying Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Issuing and Paying Agent until the day following the due date for such payment.

For the purposes of these Terms and Conditions,

- (i) “Relevant Banking Day” means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Issuing and Paying Agent, in the place where the specified office of the Issuing and Paying Agent is located;
  - (ii) the “exchange date” shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.5; and
  - (iii) the “transfer date” shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4.
- 2.7 The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Issuing and Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity and/or security as the Issuer, the Issuing and Paying Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

### **3 Status of the Notes**

The Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future (save for certain mandatory exceptions provided by law).

### **4 Negative Pledge**

So long as any Note remains outstanding (as defined in the Issuing and Paying Agency Agreement), the Issuer shall not create or permit to subsist any mortgage, pledge or other charge upon the whole or any part of its assets to secure any Relevant Indebtedness without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Issuing and Paying Agency Agreement) of the Holders of the Notes.

In this Condition, “Relevant Indebtedness” means:

- (a) any indebtedness in the form of, or represented by, bonds, notes, debentures or other securities which (i) by their terms (A) are not repayable (otherwise than at the option of or due to the default of the Issuer) within three years from the date of their creation and (B) are, or are capable of being, listed,

quoted or ordinarily traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) exclusively outside Japan (in the case of MHSC), the United Kingdom (in the case of MHI) or the United States (in the case of MSUSA), and (ii) (A) are payable, or may be required to be paid, in, or by reference to, any currency other than JPY (in the case of MHSC), GBP (in the case of MHI) or U.S.\$ (in the case of MSUSA) or (B) are denominated in or payable in JPY (in the case of MHSC), GBP (in the case of MHI) or U.S.\$ (in the case of MSUSA) and more than 50 per cent. of the aggregate principal amount whereof is initially distributed outside Japan (in the case of MHSC), the United Kingdom (in the case of MHI) or the United States (in the case of MSUSA) by or with the authorisation of the relevant Issuer; and

- (b) any guarantee or indemnity in respect of any such indebtedness.

## **5 Interest**

### ***Interest***

- 5.1 Notes may be interest-bearing or non interest-bearing, as specified in the Final Terms. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the Final Terms shall have the meanings given to them in Condition 5.11.

### ***Interest-bearing Notes***

- 5.2 Notes which are specified in the Final Terms as being interest-bearing shall bear interest from their Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5.10.

### ***Floating Rate Notes other than Floating Rate Notes referencing SOFR or SONIA***

- 5.3 If the Final Terms specifies the Interest Rate applicable to the Notes is, or is to be determined by reference to, a Floating Rate other than SOFR or SONIA it shall also specify which page (the "Relevant Screen Page") on the Reuters Screen or any other information vending service shall be applicable. The amount of interest payable on the relevant Notes shall be determined in accordance with Condition 5.10. If such a page is so specified, the Interest Rate applicable to the relevant Notes for each Interest Period shall be determined by the Calculation Agent on the following basis:
- (i) the Calculation Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten-thousandth of a percentage point, 0.00005 per cent. being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market (or, in the case of CNH HIBOR, the Hong Kong interbank market), selected by the Calculation Agent, at approximately the Relevant Time on the Interest Determination Date to prime banks in such market for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;
  - (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or

- (iv) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (or, in the case of Notes denominated in euro, in such financial centre or centres as the Calculation Agent may select or, in the case of Notes denominated in CNY, in Hong Kong) selected by the Calculation Agent, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Period for loans in the relevant currency to leading banks in such place for a period for the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Interest Rate applicable to such Notes during each Interest Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) so determined provided, however, that, if the Calculation Agent is unable to determine a rate (or, as the case may be, an arithmetic mean of rates) in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to such Notes during such Interest Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) determined in relation to such Notes in respect of the last preceding Interest Period.

#### ***Floating Rate Notes referencing SOFR***

- 5.4 If the Final Terms specifies the Interest Rate applicable to the Notes is, or is to be determined by reference to, the Secured Overnight Financing Rate (“SOFR”), then the Interest Rate for each Interest Period will, subject to Condition 9E.2 (*Benchmark Fallback Provisions (SOFR)*) and as provided below, be equal to the relevant SOFR Benchmark plus the Relevant Margin. The amount of interest payable on the relevant Notes shall be determined in accordance with Condition 5.10 (*Calculations and Adjustments*). For the purposes of this Condition 5.4:

The “SOFR Benchmark” will be determined based on SOFR Arithmetic Mean, SOFR Compound or SOFR Index Average, as follows (subject in each case to Condition 9E.2 (*Benchmark Fallback Provisions (SOFR)*):

- (A) If SOFR Arithmetic Mean (“SOFR Arithmetic Mean”) is specified as applicable in the relevant terms, the SOFR Benchmark for each Interest Period shall be the arithmetic mean of the SOFR rates for each day during the period, as calculated by the Calculation Agent, where, if applicable (as specified in the relevant terms), the SOFR rate on the SOFR Rate Cut-Off Date shall be used for the days in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period End Date.
- (B) If SOFR Compound (“SOFR Compound”) is specified as applicable in the relevant terms, the SOFR Benchmark for each Interest Period shall be equal to the value of the SOFR rates for each day during the relevant Interest Period (where SOFR Compound with Lookback or SOFR Compound with Payment Delay is specified in the relevant terms to determine SOFR Compound) or SOFR Observation Period (where SOFR Compound with SOFR Observation Period Shift is specified in the relevant terms to determine SOFR Compound).

SOFR Compound shall be calculated in accordance with one of the formulas referenced below depending upon which is specified as applicable in the relevant terms:

- (a) *SOFR Compound with Lookback:*



$$\left( \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_{i-xUSBD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards,

where:

“d” means the number of calendar days in the relevant Interest Period;

“d<sub>0</sub>” for any Interest Period, means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“i” means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period;

“Lookback Days” means the number of U.S. Government Securities Business Days specified in the relevant terms;

“n<sub>i</sub>” for any U.S. Government Securities Business Day “i” in the relevant Interest Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day (“i+1”); and

“SOFR<sub>i-xUSBD</sub>” for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to the SOFR in respect of the U.S. Government Securities Business Days falling a number of U.S. Government Securities Business Days prior to that day “i” equal to the number of Lookback Days.

(b) *SOFR Compound with SOFR Observation Period Shift:*

$$\left( \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards,

where:

“d” means the number of calendar days in the relevant SOFR Observation Period;

“d<sub>0</sub>” for any SOFR Observation Period, means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

“i” means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period;

“n<sub>i</sub>” for any U.S. Government Securities Business Day “i” in the relevant SOFR Observation Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day (“i+1”);

“SOFR Observation Period” means, in respect of each Interest Period, the period from (and including) the date falling a number of U.S. Government Securities Business Days equal to the SOFR Observation Shift Days preceding the first date in such Interest Period to (but excluding) the date falling a number of U.S. Government Securities Business Days equal to the number of SOFR Observation Shift Days preceding the Interest Period End Date for such Interest Period;

“SOFR Observation Shift Days” means the number of U.S. Government Securities Business Days specified in the relevant terms; and

“SOFR<sub>i</sub>” for any U.S. Government Securities Business Day “i” in the relevant SOFR Observation Period, is equal to SOFR in respect of that day “i”.

(c) *SOFR Compound with Payment Delay:*

$$\left( \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards,

where:

“d” means the number of calendar days in the relevant Interest Period;

“d<sub>o</sub>” for any Interest Period, means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“i” means a series of whole numbers from one to d<sub>o</sub>, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period;

“Interest Payment Dates” shall be the number of Business Days equal to the Interest Payment Delay following each Interest Period End Date; provided that the Interest Payment Date with respect to the final Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes prior to the Maturity Date, the redemption date;

“Interest Payment Delay” means the number of U.S. Government Securities Business Days specified in the relevant terms;

“Interest Payment Determination Dates” means the Interest Period End Date at the end of each Interest Period; provided that the Interest Payment Determination Date with respect to the final Interest Period will be the SOFR Rate Cut-Off Date;

“n<sub>i</sub>” for any U.S. Government Securities Business Day “i” in the relevant Interest Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day (“i+1”); and

“SOFR<sub>i</sub>” for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to SOFR in respect of that day “i”.

For the purposes of calculating SOFR Compound with respect to the final Interest Period, the level of SOFR for each U.S. Government Securities Business Day in the period from (and

including) the SOFR Rate Cut-Off Date to (but excluding) the Maturity Date or the redemption date, as applicable, shall be the level of SOFR in respect of such SOFR Rate Cut-Off Date.

- (C) If SOFR Index Average (“SOFR Index Average”) is specified as applicable in the relevant terms, the SOFR Benchmark for each Interest Period shall be equal to the value of the SOFR rates for each day during the relevant Interest Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d_c}\right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards,

where:

“ $d_c$ ” means the number of calendar days from (and including) the SOFR Index<sub>Start</sub> to (but excluding) the SOFR Index<sub>End</sub>;

“SOFR Index” means the SOFR Index in relation to any U.S. Government Securities Business Day as published by the NY Federal Reserve on the NY Federal Reserve’s Website at the SOFR Determination Time and appearing on the Page;

“SOFR Index<sub>End</sub>” means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the relevant terms preceding the Interest Period End Date relating to such Interest Period (or in the final Interest Period, the Maturity Date); and

“SOFR Index<sub>Start</sub>” means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the relevant terms preceding the first date of the relevant Interest Period (a “SOFR Index Determination Date”).

Subject to Condition 9E.2 (*Benchmark Fallback Provisions (SOFR)*), if the SOFR Index is not published on any relevant SOFR Index Determination Date and a SOFR Benchmark Transition Event and related SOFR Benchmark Replacement Date have not occurred, the “SOFR Index Average” shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the SOFR Compound formula described above in “(b) SOFR Compound with SOFR Observation Period Shift” and the term “SOFR Observation Shift Days” shall mean two U.S. Government Securities Business Days. If a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 9E.2 (*Benchmark Fallback Provisions (SOFR)*) shall apply.

In connection with the SOFR provisions above, the following definitions apply:

“Bloomberg Screen SOFRRATE Page” means the Bloomberg screen designated “SOFRRATE” or any successor page or service;

“NY Federal Reserve” means the Federal Reserve Bank of New York;

“NY Federal Reserve’s Website” means the website of the NY Federal Reserve, currently at [www.newyorkfed.org](http://www.newyorkfed.org), or any successor website of the NY Federal Reserve or the website of any successor administrator of SOFR;

“Reuters Page USDSOFR=” means the Reuters page designated “USDSOFR=” or any successor page or service;

“SOFR” means, with respect to any U.S. Government Securities Business Day, the rate determined by the Calculation Agent in accordance with the following provision:

- (a) the Secured Overnight Financing Rate published at the SOFR Determination Time, as such rate is reported on the Bloomberg Screen SOFRRATE Page, then the Secured Overnight Financing Rate published at the SOFR Determination Time, as such rate is reported on the Reuters Page USDSOFR=, then the Secured Overnight Financing Rate that appears at the SOFR Determination Time on the NY Federal Reserve’s Website; or
- (b) if the rate specified in (a) above does not appear, the SOFR published on the NY Federal Reserve’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the NY Federal Reserve’s Website;

“SOFR Determination Time” means approximately 3:00 p.m. (New York City time) on the NY Federal Reserve’s Website on the immediately following U.S. Government Securities Business Day;

“SOFR Benchmark Replacement Date” means the date of occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark;

“SOFR Benchmark Transition Event” means the occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark;

“SOFR Rate Cut-Off Date” means the date that is a number of U.S. Government Securities Business Days prior to the end of each Interest Period, the Maturity Date or the redemption date, as applicable, as specified in the relevant terms; and

“U.S. Government Securities Business Day” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

***Floating Rate Notes referencing SONIA***

5.5 If the Final Terms specifies the Interest Rate applicable to the Notes is, or is to be determined by reference to, the Sterling Overnight Index Average (“SONIA”), then the Interest Rate for each Interest Period will, subject to Condition 9E.1 (*Benchmark Fallback Provisions (General)*) and as provided below, be Compounded Daily SONIA plus the Relevant Margin. The amount of interest payable on the relevant Notes shall be determined in accordance with Condition 5.10 (*Calculations and Adjustments*). For the purposes of this Condition 5.5:

“Compounded Daily SONIA” means with respect to an Interest Period,

- (A) Where “Index Determination” is specified as Not Applicable in the relevant terms, the rate of return of a daily compound interest investment (with the daily Sterling Overnight Index Average (SONIA) as reference rate for the calculation of interest) and will be calculated by the Calculation Agent as at the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 per cent. being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

- (B) Where “Index Determination” is specified as Applicable in the relevant terms, the rate of return of a daily compound interest investment (with the daily Sterling Overnight Index Average (SONIA) as reference rate for the calculation of interest) and will be calculated by the Calculation Agent as at the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the nearest fourth decimal place, with 0.00005 per cent. being rounded upwards:

$$\left( \frac{Index_{END}}{Index_{START}} - 1 \right) \times \frac{365}{d}$$

provided, however, that if the Calculation Agent is unable for any reason to determine either or both of  $Index_{END}$  and  $Index_{START}$  in relation to any Interest Period, then Compounded Daily SONIA shall be calculated for such Interest Period as if “Index Determination” had been specified as being Not Applicable and “SONIA Observation Shift” had been specified in the relevant terms (and paragraph (A) of this definition shall be applied accordingly),

where:

“d” is the number of calendar days in:

- (i) where “Lag” is specified in the relevant terms as the SONIA Observation Method, the relevant Interest Period; and
- (ii) where “SONIA Observation Shift” is specified in the relevant terms as the SONIA Observation Method, the relevant SONIA Observation Period;

“d<sub>0</sub>” is the number of London Banking Days in:

- (i) where “Lag” is specified in the relevant terms as the SONIA Observation Method, the relevant Interest Period; and
- (ii) where “SONIA Observation Shift” is specified in the relevant terms as the SONIA Observation Method, the relevant SONIA Observation Period;

“i” is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant London Banking Day in chronological order from, and including:

- (i) where “Lag” is specified in the relevant terms as the SONIA Observation Method, the first London Banking Day in the relevant Interest Period, to, and including, the last London Banking Day in the relevant Interest Period; and
- (ii) where “SONIA Observation Shift” is specified in the relevant terms as the SONIA Observation Method, the first London Banking Day in the relevant SONIA Observation Period to, and including, the last London Banking Day in the relevant SONIA Observation Period;

“ $Index_{END}$ ” means, in relation to any Interest Period, the Index Value on the day which is five London Banking Days (or such other number of London Banking Days in the SONIA Observation Shift Period as agreed in advance by the Issuer and the Calculation Agent and specified in the relevant terms) prior to the Interest Period End Date for such Interest Period;

“ $Index_{START}$ ” means, in relation to any Interest Period, the Index Value on the day which is five London Banking Days (or such other number of London Banking Days in the SONIA Observation Shift Period as agreed in advance by the Issuer and the Calculation Agent and specified in the relevant terms) prior to the first day of such Interest Period (and in respect of the first Interest Period, the Issue Date);

“Index Value” means, in relation to any London Business Day, the value of the SONIA Compounded Index as published by authorised redistributors on the Relevant Screen Page on the immediately following London Business Day provided, however, that in the event that the value originally published is subsequently corrected and such corrected value is published by authorised redistributors or the Bank of England, as the administrator of SONIA (or any successor administrator of SONIA)) on the original date of publication, then such corrected value, instead of the value that was originally published, shall be deemed the Index Value in relation to such London Business Day;

“Interest Determination Date” means the date falling “p” London Banking Days prior to the end of each Interest Period;

“London Banking Day” or “LBD” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“ $n_i$ ”, for any London Banking Day “i” in the relevant Observation Period, means the number of calendar days from and including such London Banking Day “i” up to but excluding the following London Banking Day;

“Observation Period” means the period from and including the date falling “p” London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “p” London Banking Days prior to the Interest Period End Date for such Interest Period (or the date falling “p” London Banking Days prior to such earlier date, in any, on which the Notes become due and payable);

“p” means:

- (i) where “Lag” is specified in the relevant terms as the SONIA Observation Method, five London Banking Days (or such other number of London Banking Days in the SONIA Observation Look-Back Period as agreed in advance by the Issuer and the Calculation Agent and specified in the relevant terms);
- (ii) where “SONIA Observation Shift” is specified in the relevant terms as the SONIA Observation Method, five London Banking Days (or such other number of London Banking Days in the SONIA Observation Shift Period as agreed in advance by the Issuer and the Calculation Agent and specified in the relevant terms);

“Relevant Screen Page” means:

- (a) where “Index Determination” is specified as Not Applicable, the Reuters Screen overnight SONIA page (or such other page, section, caption, column or other part as may replace it on that information service or on such other information service); and
- (b) where “Index Determination” is specified as Applicable, the Bloomberg Screen SONCINDX page (or such other page, section, caption, column or other part as may replace it on that information service or on such other information service).

“SONIA Compounded Index” means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

“SONIA reference rate”, means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised

distributors (in each case on the London Banking Day immediately following such London Banking Day); and

“SONIA<sub>i-pLBD</sub>” means;

- (i) where “Lag” is specified in the relevant terms as the SONIA Observation Method, in respect of any London Banking Day “i”, the SONIA reference rate for the London Banking Day falling “p” London Banking Days prior to such London Banking Day “i”; and
- (ii) where “SONIA Observation Shift” is specified in the relevant terms as the SONIA Observation Method, in respect of any London Banking Day “i”, the SONIA reference rate for that day.

Subject to Condition 9E.1 (*Benchmark Fallback Provisions (General)*), where:

- (i) “Index Determination” is specified as Not Applicable; or
- (ii) “Index Determination” is specified as Applicable and the Calculation Agent is unable for any reason to determine either or both of Index<sub>END</sub> and Index<sub>START</sub> in relation to any Interest Period and Compounded Daily SONIA is being calculated for such Interest Period as if “Index Determination” had been specified as being Not Applicable and “SONIA Observation Shift” had been specified in the relevant terms,

if, in respect of any London Banking Day in the relevant Observation Period, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

1. (i) the Bank of England’s Bank Rate (the “Bank Rate”) prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
2. if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

If the relevant Series of Notes become due and payable in accordance with Condition 7 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant terms, be deemed to be the date on which such Notes became due and payable and the Interest Rate on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

#### ***ISDA Rate Notes***

- 5.6 If the Final Terms specifies the Interest Rate applicable to the Notes as being ISDA Rate, each Note shall bear interest as from such date, and at such rate or in such amounts, and such interest will be payable on such dates, as would have applied (regardless of any event of default or termination event or tax event thereunder) if the Issuer had entered into an interest rate swap transaction with the Holder of such Note under the terms of an agreement to which the ISDA Definitions applied and under which:

- the Fixed Rate Payer, Fixed Amount Payer, Fixed Price Payer, Floating Rate Payer, Floating Amount Payer or, as the case may be, the Floating Price Payer is the Issuer (as specified in the Final Terms);
- the Effective Date is the Interest Commencement Date;
- the Termination Date is the Maturity Date;
- the Calculation Agent is the Calculation Agent as defined in Condition 5.11;
- the Calculation Periods are the Interest Periods;
- the Period End Dates are the Interest Period End Dates;
- the Payment Dates are the Interest Payment Dates;
- the Reset Dates are the first day of the Interest Period (unless otherwise specified hereon);
- the Calculation Amount is the Outstanding Principal Amount of such Note;
- the Day Count Fraction applicable to the calculation of any amount is that specified in the Final Terms (and as set out in these Terms and Conditions) or, if none is so specified, as may be determined in accordance with the ISDA Definitions;
- the Applicable Business Day Convention applicable to any date is that specified in the Final Terms or, if none is so specified, as may be determined in accordance with the ISDA Definitions; and
- the other terms are as specified in the Final Terms.

#### ***Maximum or Minimum Interest Rate***

- 5.7 If any Maximum or Minimum Interest Rate is specified in the Final Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

Unless a Minimum Interest Rate is specified in the relevant Final Terms, the Minimum Interest Rate shall be deemed to be zero.

#### ***Accrual of Interest***

- 5.8 Interest shall accrue on the Outstanding Principal Amount of each Note during each Interest Period from the Interest Commencement Date. Interest will cease to accrue as from the Maturity Date therefor (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.10) or the relevant Instalment Amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the



required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

***Interest Amount(s), Calculation Agent and Reference Banks***

5.9 If a Calculation Agent is specified in the Final Terms, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period (the "Interest Amount(s)") (in the case of Bearer Notes), calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Redemption Amount or any Instalment Amount to be notified to the Issuing and Paying Agent, the Registrar (in the case of Registered Notes), the Issuer, so long as the Notes are listed on a stock exchange, and the rules of such exchange require, such exchange and the Holders in accordance with Condition 14 as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of an Interest Period. If the Notes become due and payable under Condition 7, the Interest Rate and the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously calculated in accordance with this Condition. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Notes and a Calculation Agent, if provision is made for one in the Final Terms.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or to satisfy any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Issuer will, at the same time or shortly afterwards, notify the Luxembourg Stock Exchange of any such appointment. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

***Calculations and Adjustments***

5.10 The amount of interest payable per Calculation Amount in respect of any Note for any Interest Period shall be equal to the product of the Interest Rate, the Calculation Amount specified in the Final Terms, and the Day Count Fraction for such Interest Period, save that (i) if the Final Terms specify an Interest Amount applicable to such Interest Period, the amount of interest payable per Calculation Amount in respect of such Note for such Interest Period will be equal to such Interest Amount and (ii) in the case of Notes where the Interest Rate is fixed, the interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

For the purposes of any calculations referred to in these Terms and Conditions (unless otherwise specified in the Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded to the nearest whole Japanese Yen amount with one half Japanese Yen being rounded up and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

### ***Definitions***

5.11 “Applicable Business Day Convention” means the “Business Day Convention” which may be specified in the Final Terms as applicable to any date in respect of the Notes unless the Final Terms specifies “No Adjustment” in relation to any date in which case such date shall not be adjusted in accordance with any Business Day Convention. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Notes.

“Banking Day” means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city.

“Business Day” means a day which is:

- (i) (a) in relation to Notes payable in a currency other than euro or CNY, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in the relevant currency in the Relevant Financial Centre in respect of the relevant Notes, (b) in relation to Notes payable in euro, a day on which the TARGET System is operating or (c) in relation to Notes payable in CNY, a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which commercial banks and foreign exchange markets in Hong Kong generally open for business and settlement of CNY payments in Hong Kong; and
- (ii) a day on which commercial banks and foreign exchange markets are open for business in any other place or any other days as may be specified in the Final Terms.

“Business Day Convention” means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Final Terms in relation to any date applicable to any Notes, shall have the following meanings:

- (i) “Following Business Day Convention” means that such date shall be postponed to the first following day that is a Business Day;
- (ii) “Modified Following Business Day Convention” or “Modified Business Day Convention” means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) “Preceding Business Day Convention” means that such date shall be brought forward to the first preceding day that is a Business Day; and
- (iv) “FRN Convention” or “Eurodollar Convention” means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the

number of months specified in the Final Terms after the calendar month in which the preceding such date occurred; Provided that:

- (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
- (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
- (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

“Calculation Agent” means such agent as may be specified in the Final Terms as the Calculation Agent.

“Day Count Fraction” means, in respect of the calculation of an amount for any period of time (“Calculation Period”), such day count fraction as may be specified in the Final Terms and:

- (i) if “Actual/Actual” or “Actual/Actual - ISDA” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is so specified, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

where:

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

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

“Interest Commencement Date” means the date of issue of the Notes (as specified in the Final Terms) or such other date as may be specified as such in the Final Terms.

“Interest Determination Date” means:

- (i) where the Interest Rate applicable to the Notes is, or is to be determined by reference to, SONIA or SOFR, the date specified as such hereon;
- (ii) otherwise, in respect of any Interest Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in the Final Terms prior to the first day of such Interest Period, or if none is specified:

in the case of Notes denominated in Pounds Sterling or CNY (other than where the Notes are denominated in CNY and the interest basis is CNH HIBOR), the first day of such Interest Period; or

in the case of Notes denominated in CNY and the interest basis is CNH HIBOR, the day falling two Business Days in Hong Kong prior to the first day of such Interest Period; or

in any other case, the date falling two London Banking Days prior to the first day of such Interest Period.

“Interest Payment Date” means the date or dates on which Interest Amounts are paid, as specified, or determined in accordance with the provisions of the Final Terms. Interest Payment Dates shall always be adjusted in accordance with the Applicable Business Day Convention specified in the Final Terms. If the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as being the Interest Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the date of issue of the Notes (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

“Interest Period” means each successive period beginning on and including the Interest Commencement Date or the Interest Period End Date for the immediately preceding Interest Period (as the case may be), to, but excluding the Interest Period End Date for the relevant Interest Period.

“Interest Period End Date” means the last day of each Interest Period, as specified as such in the Final Terms. Interest Period End Dates may be adjusted in accordance with the Applicable Business Day Convention. The last Interest Period End Date shall always be the Maturity Date.

“Interest Rate” means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with the provisions of, the Final Terms.

“ISDA” means the International Swaps and Derivatives Association, Inc. (formerly the International Swap Dealers Association, Inc.).

“ISDA Definitions” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the Final Terms) as published by ISDA).

“Outstanding Principal Amount” means, in respect of any Note, its principal amount less, in respect of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.8 or, in the case of a Partly Paid Note, the Paid Up Amount of such Note or otherwise as indicated in the Final Terms.

“Page” means such page, section, caption, column or other part of a particular information service as may be specified for the purpose of providing an Original Reference Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Original Reference Rate.

“Reference Banks” means such banks as may be specified in the Final Terms as the Reference Banks or, if none are specified, “Reference Banks” has the meaning given in the ISDA Definitions, *mutatis mutandis*.

“Relevant Financial Centre” means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of “Business Day” in the ISDA Definitions.

“Relevant Governmental Body” means the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve, or any successor.

“Relevant Margin” means the relevant margin specified as such in the relevant Final Terms.

“Relevant Time” means the time as of which any rate is to be determined as specified in the Final Terms or, if none is specified, at which it is customary to determine such rate.

“Reuters Screen” means, when used in connection with a designated page and any designated information, the display page so designated on the Reuters Markets 3000 Xtra (or such other page as may replace that page on that service for the purpose of displaying such information).

“TARGET System” means the Trans European Automated Real Time Gross Settlement Expenses Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

### ***Non-Interest Bearing Notes***

5.12 If any Maturity Redemption Amount (as defined in Condition 6.1) in respect of any Note which is non-interest bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation Yield defined in, or determined in accordance with the provisions of, the Final Terms or at such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.10 as if the Interest Rate was the Amortisation Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Final Terms or, if not so specified, 30E/360 (as defined in Condition 5.11).

## **6 Redemption and Purchase**

### ***Redemption at Maturity***

6.1 Unless previously redeemed, or purchased and cancelled or unless such Note is stated in the Final Terms as having no fixed maturity date, each Note shall be redeemed at its maturity redemption amount (the “Maturity Redemption Amount”) (which shall be its Outstanding Principal Amount or such other redemption amount as may be specified in or determined in accordance with the Final Terms) (or, in the case of Instalment Notes, in such number of instalments and in such amounts (“Instalment Amounts”) as may be specified in, or determined in accordance with the provisions of, the Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Final Terms.

### ***Early Redemption for Taxation Reasons***

6.2 If, in relation to any Series of Notes, (i) as a result of any change in the laws, regulations or rulings of the United Kingdom (in the case of MHI), Japan (in the case of MHSC) or the United States (in the case of MSUSA), or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes or any other date specified in the Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 8, (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, and (iii) such circumstances are evidenced by the delivery by the Issuer to the Issuing and Paying Agent of a certificate signed by two directors of the Issuer

stating that the said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail, the Issuer may, at its option and having given no less than 30 nor more than 60 days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 14 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at their early tax redemption amount (the "Early Redemption Amount (Tax)") (which shall be their Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon, provided, however, that no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

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 Condition 6.6.

#### ***Optional Early Redemption (Call)***

6.3 If this Condition 6.3 is specified in the Final Terms as being applicable, then the Issuer may, having given the appropriate notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent that the Final Terms specifies otherwise, some only) of the Notes of the relevant Series at their call early redemption amount (the "Early Redemption Amount (Call)") (which shall be their Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon on the date specified in such notice.

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 Condition 6.6.

6.4 The appropriate notice referred to in Condition 6.3 is a notice given by the Issuer to the Holders of the Notes of the relevant Series in accordance with Condition 14, which notice shall be irrevocable and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Note or Permanent Global Note) the serial numbers of the Notes of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than 30 days (or such lesser period as may be specified in the Final Terms) nor more than 60 days after the date on which such notice is given and which shall be such date or the next of such dates ("Call Option Date(s)") or a day falling within such period ("Call Option Period"), as may be specified in the Final Terms and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Notes are to be redeemed.



### ***Partial Redemption***

6.5 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 6.3:

- in the case of Bearer Notes (other than a Temporary Global Note or Permanent Global Note), the Notes to be redeemed shall be drawn by lot in such European city as the Issuing and Paying Agent may specify, or identified in such other manner or in such other place as the Issuing and Paying Agent may approve and deem appropriate and fair;
- in the case of a Temporary Global Note or a Permanent Global Note, the Notes to be redeemed shall be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; and
- in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts and in accordance with the rules of the relevant depository, provided always that the amount redeemed in respect of each Note shall be equal to the minimum denomination thereof or an integral multiple thereof,

subject always to compliance with all applicable laws. In the case of a Global Note or Global Certificate, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any Alternative Clearing System (as the case may be).

In the case of the redemption of part only of a Registered Note in definitive form, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.7 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

### ***Optional Early Redemption (Put)***

6.6 If this Condition 6.6 is specified in the Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the “Early Redemption Amount (Put)”) (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than 45 days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates (“Put Date(s)”) or a day falling within such period (“Put Period”) as may be specified in the Final Terms), deposit a duly completed early redemption notice (“Put Notice”), together with (except in the case of a Global Note issued in new global note (“NGN”) form or a Global Certificate held under the New Safekeeping Structure (“NSS”)) the relevant Note (together, in the case of an interest-bearing Definitive Note, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 9A.7 apply)) during normal business hours at the specified office of, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar. The Put Notice shall be in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar specifying, in the case of a Temporary Global Note or Permanent Global Note or Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the Final

Terms or an integral multiple thereof). No Note so deposited and option exercised may be withdrawn (except as provided in the Issuing and Paying Agency Agreement).

Upon exercise of the relevant option, where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

In the case of the redemption of part only of a Registered Note in definitive form, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.7 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

The holder of a Note may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer of its option to redeem such Note under either Condition 6.2 or 6.3.

### ***Purchase of Notes***

- 6.7 The Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached thereto or surrendered therewith. If purchases are made by tender, tenders must be available to all Holders of Notes alike.

### ***Cancellation of Redeemed and Purchased Notes***

- 6.8 All unmatured Notes, Receipts and Coupons and unexchanged Talons redeemed or purchased by MHSC or MHI otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 6 will be cancelled forthwith and may not be reissued or resold. All such Notes, Receipts and Coupons and unexchanged Talons redeemed or purchased by MSUSA must however be cancelled forthwith and may not be reissued or resold.

### ***Further Provisions applicable to Redemption Amount and Instalment Amounts***

- 6.9 The provisions of Condition 5.9 and the last paragraph of Condition 5.10 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Calculation Agent (as defined in Condition 5.11).
- 6.10 References herein to “Redemption Amount” shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Benchmark Event), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms. The Redemption Amount shall not be less than zero.
- 6.11 In the case of any Note which is non-interest bearing, the “Amortised Face Amount” shall be an amount equal to the sum of:
- (i) the Issue Price specified in the Final Terms; and
  - (ii) the product of the Amortisation Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

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 specified in the Final Terms for the purposes of this Condition 6.11.

- 6.12 If any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.11 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Note becomes due and repayable were replaced by references to the earlier of:
- (i) the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made; and
  - (ii) (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

#### ***Optional Early Redemption following a Benchmark Event***

- 6.13 If a Benchmark-related Redemption Event is specified in the relevant Final Terms as being applicable to the Notes, following the occurrence of a Benchmark Event (and provided that the Issuer does not intend to apply the provisions of Condition 9E.1(B) or 9E.2(B)) the Issuer shall, upon giving not less than 5 days nor more than 30 days prior notice to the Holders of the Notes in accordance with Condition 14, and subject to such conditions as may be specified in the Final Terms, redeem all (but not some only) of the Notes at their Early Redemption Amount (Benchmark Event) (which shall be their Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon on the date specified in such notice.

## **7 Events of Default**

- 7.1 The following events or circumstances as modified by, and/or such other events as may be specified in, the Final Terms (each an “Event of Default”) shall be acceleration events in relation to the Notes of any Series, namely:
- (i) ***Non-payment:*** the Issuer fails to pay any amount of principal in respect of the Notes of the relevant Series or any of them on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes of the relevant Series or any of them within 30 days of the due date for payment thereof; or
  - (ii) ***Breach of other obligations:*** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes of the relevant Series or the Issuing and Paying Agency Agreement and (except in any case where such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for 90 days after written notice requiring such default to be remedied has been delivered to the Issuer at the specified office of the Issuing and Paying Agent by the Holder of any such Note; or
  - (iii) ***Cross-default of Issuer:*** (i) any Indebtedness of the Issuer having an aggregate outstanding principal amount of at least U.S.\$10,000,000 (or its equivalent in any other currency or

currencies) is not paid when due or (as the case may be) within any originally applicable grace period, (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness or (iii) the Issuer fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee or indemnity in respect of any Indebtedness having an aggregate outstanding principal amount of at least U.S.\$10,000,000 (or its equivalent in any other currency or currencies); or

- (iv) ***Unsatisfied judgment***: a final and conclusive judgment or order for the payment of any amount is rendered against the Issuer and continues unsatisfied and unstayed for a period of 90 days after the date thereof or, if later, the date therein specified for payment; or
- (v) ***Security enforced***: a secured party takes possession, or a receiver, administrator, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer; or
- (vi) ***Insolvency etc (applicable only to Notes issued by MHI)***: (i) MHI becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of MHI or any of its subsidiaries or the whole or any part of the undertaking, assets and revenues of MHI, is appointed (or application for any such appointment is made), (iii) MHI takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it or (iv) MHI ceases or threatens to cease to carry on all or substantially all of its business; or
- (vii) ***Winding up etc (applicable only to Notes issued by MHI)***: an administrator is appointed, an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of MHI or any of its subsidiaries; or
- (viii) ***Insolvency etc (applicable only to Notes issued by MHSC)***: a final decree or order is made or issued by a court of competent jurisdiction approving a petition seeking with respect to MHSC a decree of commencement of bankruptcy or insolvency procedures, civil rehabilitation procedures, reorganisation procedures or adjustment under the Bankruptcy Law, the Civil Rehabilitation Law, the Corporate Reorganisation Law, the Company Law or any other similar applicable law of Japan or any other jurisdiction or a final decree or order is made or issued by a court of competent jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of MHSC in respect of all or substantial part of its property, or for the winding-up, dissolution or liquidation of MHSC except for a winding-up, dissolution or liquidation for the purpose of or pursuant to a merger, consolidation, amalgamation or reconstruction whereby the continuing corporation or the corporation formed as a result of the merger, consolidation, amalgamation or reconstruction effectively assumes all of the obligations of MHSC under the Deed of Covenant and the Notes; or
- (ix) ***Winding up etc (applicable only to Notes issued by MHSC)***: an effective resolution is passed for the winding-up, dissolution or liquidation of MHSC (otherwise than in any of the circumstances referred to in the exceptions in Condition 7.1(vi) above) or MHSC institutes proceedings seeking with respect to itself a decree of commencement of bankruptcy or insolvency procedures, civil rehabilitation procedures, reorganisation procedures or adjustment under the Bankruptcy Law, the Civil Rehabilitation Law, the Corporate Reorganisation Law, the Company Law or any other similar applicable law of Japan or any other jurisdiction, or

consents to the institution of any such proceedings, or consents to, or acquiesces in, the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it in respect of all or substantial part of its property, or makes a general assignment for the benefit of its creditors; or

- (x) ***Insolvency etc (applicable only to Notes issued by MSUSA)***: MSUSA or any of its subsidiaries (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganisation or arrangement or any other petition in bankruptcy, for liquidation pursuant to the Securities Investor Protection Act of 1970 (“SIPA”) or otherwise or to take advantage of any bankruptcy, insolvency, reorganisation, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or
- (xi) ***Involuntary bankruptcy, winding up etc (applicable only to Notes issued by MSUSA)***: a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by MSUSA or any subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganisation or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of MSUSA or any such subsidiary, or any such petition shall be filed against MSUSA or any such subsidiary and such petition shall not be dismissed within 60 days; or
- (xii) ***SIPC decree under SIPA (applicable only to Notes issued by MSUSA)***: the Securities Investor Protection Corporation (“SIPC”) shall make application for a decree adjudicating that customers of MSUSA are in need of protection under SIPA and the failure of MSUSA to obtain the dismissal of such application within 30 days; or
- (xiii) ***FINRA suspension (applicable only to Notes issued by MSUSA)***: the Financial Industry Regulatory Authority (“FINRA”) shall suspend (and not reinstate within ten days) or revoke MSUSA’s status as a member thereof; or
- (xiv) ***SEC revocation of registration (applicable only to Notes issued by MSUSA)***: the U.S. Securities and Exchange Commission (“SEC”) shall revoke the registration of MSUSA as a broker-dealer; or
- (xv) ***Breach of Net Capital Rule (applicable only to Notes issued by MSUSA)***: the aggregate indebtedness (within the meaning of the Net Capital Rule) of MSUSA shall exceed 1,500 per cent. of its net capital (within the meaning of the Net Capital Rule); or, if MSUSA is operating under paragraph (a)(1)(ii) of the Net Capital Rule, the net capital of MSUSA shall be less than 2 per cent. of MSUSA’s aggregate debit items (determined in accordance with Exhibit A to Rule 15c3-3 under the Exchange Act), or, if registered as a futures commission merchant, less than 4 per cent. of the funds required to be segregated by MSUSA pursuant to the Commodity Exchange Act and the regulations thereunder (less the market value of commodity options purchased by option customers on or subject to the rules of a contract market, each such deduction not to exceed the amount of customer funds in such option customer’s account), if greater, in each case for a period of fifteen consecutive business days commencing on the date

MSUSA first determines and notifies FINRA, or FINRA or the SEC first determines and notifies MSUSA of such fact; or

- (xvi) **Keep Well Agreement:** the Keep Well Agreement is not (or is claimed by any party not to be) in full force and effect or the Keep Well Agreement is modified, amended or terminated in circumstances where such modification, amendment or termination would have a material adverse effect upon the Holder of a Note or the Issuer waives, or fails to take all reasonable steps to exercise, any of its rights under the Keep Well Agreement or Mizuho Financial Group, Inc. or Mizuho Bank, Ltd. fails to perform or observe any obligation on its part under the Keep Well Agreement so as to affect materially and adversely the Holder of a Note.

In this Condition “Indebtedness” means: any moneys borrowed and bonds, debentures, notes or other instruments of indebtedness or any other loan indebtedness. For the purposes of (iii) above, any Indebtedness which is in a currency other than United States dollars shall be translated into United States dollars at the “spot” rate for the sale of United States dollars against the purchase of the relevant currency as quoted by the Issuing and Paying Agent on the day in London on which such default occurs (or, if for any reason such rate is not available on that day, on the immediately preceding day on which such rate was quoted by the Issuing and Paying Agent) or, if the Issuing and Paying Agent does not so quote the spot rate for the sale of United States dollars against the purchase of the relevant currency, as quoted by an international bank in London selected by the Issuing and Paying Agent.

In this Condition “Net Capital Rule” means Rule 15c3-1 of the SEC under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or any successor rule as in effect at the time.

- 7.2 Except as provided below in relation to certain Events of Default relating to MSUSA, if any Event of Default shall occur in relation to any Series of Notes, any Holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Issuing and Paying Agent, declare that such Note and (if the Note is interest-bearing) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the “Early Termination Amount”) (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured. If such Event of Default is an Event of Default described in any of Sections 7.1(x)-(xii) with respect to a Series of Notes issued by MSUSA, the Notes of such Series shall automatically become due and payable at the Early Termination Amount on the occurrence of such Event of Default without the requirement of notice from any Noteholder.

## 8 Taxation

- 8.1 All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes, Coupons and Receipts by the Issuer shall be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom (in the case of MHI), the United States (in the case of MSUSA) and Japan (in the case of MHSC) or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts receivable by the Holder after such withholding or deduction shall equal the respective

amounts (of principal, interest or otherwise) which would have been receivable by such Holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a Holder who (a) is able to avoid such withholding or deduction by making a declaration of residence, non-residence or other similar claim for exemption to the relevant taxing authority but fails to do so; (b) is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom (in the case of Notes issued by MHI) or Japan (in the case of Notes issued by MHSC) other than (x) the mere holding of such Note, Receipt or Coupon or (y) the receipt of principal, interest or other amount in respect of such Note, Receipt or Coupon; (c) in the case of Notes issued by MSUSA, would not be liable for such tax, duty, assessment or other governmental charge but for the existence of any present or former connection between the Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, the Holder, if the Holder is an estate, a trust, a partnership or a corporation) and the United States of America or any territory or possession of the United States of America or area subject to its jurisdiction, as the case may be, including, without limitation, the Holder (or the fiduciary, settlor, beneficiary, member, shareholder, or possessor) being or having been a citizen or resident thereof or treated as a resident thereof, or being or having been present therein, or being or having been engaged in a trade or business therein, or having or having had a permanent establishment therein; or (d) (in the case of Notes issued by MHSC) is a party having such special relationship with MHSC as is prescribed in the Cabinet Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, as amended; (the “Cabinet Order”) (hereinafter in this Condition 8.1, a “Specially-Related Party”); or
- (ii) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date, except to the extent that the relevant Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (iii) (in the case of Notes issued by MSUSA) where such tax, assessment or other governmental charge is imposed by reason of the Holder’s past or present status for U.S. federal income tax purposes as (a) a personal holding company or a foreign personal holding company, (b) a corporation that accumulates earnings to avoid U.S. federal income tax, (c) a controlled foreign corporation that is related to the MSUSA through stock ownership, (d) the owner, actually or constructively, of ten per cent. or more of the total combined voting power of all classes of stock of MSUSA entitled to vote or (e) a bank receiving interest described in Section 881(c)(3)(A) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”); or
- (iv) (in the case of Notes issued by MSUSA) where such tax, assessment or other governmental charge (including backup withholding) is imposed by reason of the Holder’s failure to comply with any requirements under the United States tax laws and regulations for establishing entitlement to exemption from such tax, assessment or other governmental charge; or
- (v) (in the case of Notes issued by MSUSA) where such tax, assessment or other governmental charge would not have been imposed but for a failure by any person (in whatever capacity acting) or any financial institution having control, receipt, custody, disposal or payment of any amount with respect to any Notes, Receipts or Coupons, to enter into or to comply with any applicable certification, identification, documentation, information or other reporting requirement or agreement, if entering into or complying with such requirement or agreement is

required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge; or

- (vi) where such withholding or deduction is in respect of any estate, inheritance, gift, sales, transfer, personal property, interest equalisation, franchise or any similar tax, assessment or other governmental charge; or
- (vii) where such tax, assessment or other governmental charge is payable otherwise than by withholding from payments of principal or interest with respect to the Notes; or
- (viii) where such tax, assessment or other governmental charge is required to be withheld by the Registrar or the Issuing and Paying Agent or other Paying Agent (as applicable) from payments of principal or interest with respect to any Note, if the payment can be made without withholding by any other Registrar or Paying Agent (as applicable); or
- (ix) where the amount of interest on Notes issued by MHSC is to be calculated by reference to certain indexes relating to MHSC or its Specially-Related Party as prescribed under the Cabinet Order and the beneficial owner of such Notes is either an individual non-resident of Japan or a non-Japanese corporation; or
- (x) where such withholding or deduction is due to any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) or (x);

nor shall such additional amounts be paid with respect to any payment on a Note to a Holder that is not the beneficial owner of such Note, to the extent the beneficial owner thereof would not have been entitled to the payment of such additional amounts had the beneficial owner been the Holder of such Note.

Notwithstanding any other provision of the Terms and Conditions, any amounts to be paid on the Notes by or on behalf of the Issuers, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “FATCA Withholding”). None of the Issuers nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

- 8.2 For the purposes of these Terms and Conditions, the “Relevant Date” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Issuing and Paying Agent or, as the case may be, the Registrar on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 14.
- 8.3 If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to the United Kingdom (in the case of MHI), the United States (in the case of MSUSA) or Japan (in the case of MHSC), references in Condition 6.2 and Condition 8.1 to the United Kingdom (in the case of MHI), the United States (in the case of MSUSA) or Japan (in the case of MHSC) shall be read and construed as references to the United Kingdom (in the case of MHI), the United States (in the case of MSUSA) or Japan (in the case of MHSC) and/or to such other jurisdiction(s).



8.4 Any reference in these Terms and Conditions to “principal” and/or “interest” in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8. Unless the context otherwise requires, any reference in these Terms and Conditions to “principal” shall include any premium payable in respect of any Note, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and “interest” shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

## **9 Payments and Fallback Provisions**

### **9A Payments - Bearer Notes**

**9A.1** This Condition 9A is applicable in relation to Bearer Notes.

**9A.2** Payment of amounts (other than interest) due in respect of Bearer Notes (other than an NGN) will be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents outside the United States.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

**9A.3** Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of a Temporary Global Note or Permanent Global Note (in each case other than an NGN), against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside (unless Condition 9A.5 applies) the United States and, in the case of a Temporary Global Note, upon due certification as required therein;
- (ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside (unless Condition 9A.5 applies) the United States; and
- (iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons 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, in either case at the specified office of any of the Paying Agents outside (unless Condition 9A.5 applies) the United States.

**9A.4** If the Global Note is an NGN, the Issuer shall procure that details of each payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

- 9A.5** Payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 9A.8 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law. If paragraphs (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.
- 9A.6** If the due date for payment of any amount due in respect of any Bearer Note is not a Relevant Financial Centre Day (as defined in Condition 9C.4), then the Holder thereof will not be entitled to payment thereof until the next day which is a Relevant Financial Centre Day, and, in the case of Definitive Notes, a local banking day, and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.8 or, if appropriate, Condition 5.12.
- 9A.7** Each Definitive Note initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:
- (i) if the Final Terms specifies that this paragraph (i) of Condition 9A.7 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Definitive Notes which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within 10 years of the Relevant Date applicable to payment of such Redemption Amount;
  - (ii) if the Final Terms specifies that this paragraph (ii) of Condition 9A.7 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Notes which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Definitive Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;
  - (iii) in the case of Definitive Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and
  - (iv) in the case of Definitive Notes initially delivered with Receipts attached thereto, all Receipts relating to such Notes in respect of a payment of an Instalment Amount which (but for such redemption) 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.

The provisions of paragraph (i) of this Condition 9A.7 notwithstanding, if any Definitive Notes should be 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 by paragraph (i) to be deducted 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, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment). Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive 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.

**9A.8** In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 9A.5 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

**9B Payments - Registered Notes**

**9B.1** This Condition 9B is applicable in relation to Registered Notes.

**9B.2** Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against surrender of the relevant Registered Notes at the specified office of the Registrar, save in the case of partial payment of the Redemption Amount and payment on a Global Certificate held under the NSS. If the due date for payment of the Redemption Amount of any Registered Note is not a Relevant Financial Centre Day (as defined in Condition 9C.4), then the Holder thereof will not be entitled to payment thereof until the next day which is a Relevant Financial Centre Day, and, in the case of Definitive Notes, a local banking day, and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.8 or, as appropriate, Condition 5.12.

**9B.3** Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.6) or, in the case of payment in CNY, the fifth Business Day before the due date for such payment (the "Record Date").

**9B.4** Notwithstanding the provisions of Condition 9C.2, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be made in the currency in which such amount is due (i) in the case of payment in CNY, by transfer to a CNY account maintained by or on behalf of the Noteholder with a bank in Hong Kong or (ii) in all other cases, by cheque drawn on a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System (a "Bank") and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 2.6) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint

Holder, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency with a Bank (and being, in the case of payment in Japanese Yen to a non-resident of Japan, a non-resident account with an authorised foreign exchange bank) in which case payment shall be made on the relevant due date for payment by transfer to such account;

- 9B.5** If the Global Certificate is held under the NSS, the Issuer shall procure that details of each payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Certificate will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.
- 9B.6** In the case of payment by transfer to an account or by entry in the records of the relevant clearing system, if the due date for any such payment is not a Relevant Financial Centre Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.8 or, as appropriate, Condition 5.12.

#### **9C Payments - General Provisions**

- 9C.1** Save as otherwise specified in these Terms and Conditions, this Condition 9C is applicable to all Notes regardless of their form.
- 9C.2** Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due (i) in the case of CNY, by transfer to the CNY account maintained by or on behalf of the Noteholder with a bank in Hong Kong or (ii) in any other case, (a) by cheque drawn on a Bank or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee with a Bank (and being, in the case of payment in Japanese Yen to a non-resident of Japan, a non-resident account with an authorised foreign exchange bank specified by the payee) at a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- 9C.3** Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer or its Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements.
- 9C.4** For the purposes of these Terms and Conditions:
- (i) "Relevant Financial Centre Day" means a day which is (a) in the case of any currency other than euro or CNY, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre or, in the case of payment in EUR, a day on which the TARGET System is operating or, in the case of payment in CNY, a day on which commercial banks and foreign exchange markets are open for business and settlement of CNY payments in Hong Kong, and (b) in any other place specified in the Final Terms; and
  - (ii) "local banking day" means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon.

**9C.5** No commissions or expenses shall be charged to the holders of Notes or Coupons in respect of such payments.

**9D Currency Fallback**

The following paragraphs shall apply if the Final Terms specifies that currency fallback is applicable.

In the event that the Issuer is due to make a payment in respect of any Note in a Specified Currency and such Specified Currency is not available on the foreign exchange markets due to the imposition of exchange controls, the Specified Currency's replacement or disuse or other circumstances beyond the Issuer's control, the Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in euro, U.S. dollars or Yen at an exchange rate determined by the Issuer in its sole discretion, acting in good faith and in a commercially reasonable manner. Any payment made by the Issuer pursuant to the preceding sentence shall constitute valid payment and shall not constitute an Event of Default in respect of the Notes.

**9E Benchmark Fallback Provisions**

**9E.1 Benchmark Fallback Provisions (General)**

If a Benchmark Event occurs in relation to an Original Reference Rate when any calculation or event in respect of the Notes remains to be determined by reference to such Original Reference Rate, then the Issuer shall either (A) in the event that Benchmark-related Redemption Event is specified in the Final Terms as being applicable to the Notes, redeem the Notes in accordance with Condition 6.13, or (B) in the event that Benchmark-related Redemption Event is not applicable to the Notes or the Issuer does not intend to give notice to redeem the Notes pursuant to Condition 6.13 in good faith use its reasonable endeavours to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 9E.1(i)) and, in either case, an Adjustment Spread if any (in accordance with Condition 9E.1(i)) and any Benchmark Amendments that may be required (in accordance with Condition 9E.1(iii)) and otherwise apply the provisions of this Condition 9E.1.

- (i) If the Issuer determines, no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "Issuer Determination Cut-Off Date"):
  - (a) that there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph (c) below) subsequently be used in place of the Original Reference Rate to determine the calculation (or the relevant component used in the calculation thereof) or event in respect of the Notes made by reference to the Original Reference Rate (subject to the operation of this Condition 9E.1); or
  - (b) that there is no Successor Rate but there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph (c) below) subsequently be used in place of the Original Reference Rate to determine the calculation (or the relevant component used in the calculation thereof) or event in respect of the Notes made by reference to the Original Reference Rate (subject to the operation of this Condition 9E.1); and
  - (c) (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).
- (ii) Without prejudice to the definition thereof, for the purposes of determining an Alternative Rate, the Issuer will take into account relevant and applicable market precedents as well as any

published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate.

- (iii) If the Issuer determines that (a) amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “Benchmark Amendments”) and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 9E.1(v), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.
- (iv) In connection with any such variation in accordance with this Condition 9E.1, the Issuer shall act in good faith and comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.
- (v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 9E.1 will be notified promptly by the Issuer to the relevant Issuing and Paying Agent and (if any) the Calculation Agent and, in accordance with Condition 14, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (vi) Without prejudice to the obligations of the Issuer under this Condition 9E.1, the Original Reference Rate and the rate fallback provisions provided for in Condition 5.3 will continue to apply unless and until a Benchmark Event has occurred.

In the case of the calculation of an Interest Rate for an Interest Period, if the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 9E.1 prior to the relevant Issuer Determination Cut-Off Date, the Interest Rate applicable to such Interest Period shall be equal to the Interest Rate last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Interest Rate will be calculated by reference to what the Issuer determines to have been the last reported Original Reference Rate. If the Issuer determines a Successor Rate or, failing which, an Alternative Rate in respect of an Interest Period in accordance with this Condition 9E.1 prior to the relevant Issuer Determination Cut-Off Date, but fails to determine an Adjustment Spread (or the quantum of, or a formula or methodology for determining, such Adjustment Spread) or determines that no such Adjustment Spread is required in relation to such Successor Rate or Alternative Rate (as the case may be), then such Successor Rate or Alternative Rate (as applicable) shall apply without an Adjustment Spread. Where a different margin or Maximum or Minimum Interest Rate is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the margin or Maximum or Minimum Interest Rate relating to the relevant Interest Period shall be substituted in place of the margin or Maximum or Minimum Interest Rate relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 9E.1 shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 9E.1.

- (vii) As used in this Condition 9E.1:
  - (a) “Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the

circumstances, any economic prejudice or benefit (as the case may be) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (I) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
  - (II) the Issuer, in its discretion, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); or
  - (III) the Issuer, in its discretion, determines to be appropriate.
- (b) “Alternative Rate” means an alternative benchmark or screen rate which the Issuer determines is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component used in the calculation thereof) in the same Specified Currency as the Notes and/or any other such calculation in respect of the Notes made by reference to the Original Reference Rate.
- (c) “Benchmark Amendments” has the meaning given to it in Condition 9E.1(iii).
- (d) “Benchmark Event” means where the Issuer determines that:
- (I) a Benchmark Modification or Cessation Event has occurred or the level or value of an Original Reference Rate is otherwise unavailable or cannot be used as provided for in the Conditions on any relevant day;
  - (II) any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of a relevant Original Reference Rate or the administrator or sponsor of a relevant Original Reference Rate has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the Issuer or the Issuing and Paying Agent, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the relevant Original Reference Rate to perform its obligations under the Notes;
  - (III) the Original Reference Rate has been superseded or is no longer the industry standard for transactions that would previously have referenced such Original Reference Rate, as a matter of law, regulation, market practice or the announcements of, or protocol published by, any industry body, including, without limitation, ISDA and any committee sponsored by or constituted at the request of a central bank or any supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
  - (IV) it is not commercially reasonable to continue the use of the relevant Original Reference Rate in connection with the Notes as a result of any applicable licensing restrictions or changes in the cost of obtaining or maintaining any

relevant licence (including, without limitation, where the Issuer, the Issuing and Paying Agent, the Calculation Agent or any other entity is required to hold a valid licence in order to issue or perform its obligations in respect of the Notes and for any reason such licence is either not obtained, not renewed or is revoked or there is a material change in the cost of obtaining or renewing such licence).

- (e) “Benchmark Modification or Cessation Event” means, in respect of an Original Reference Rate any of the following:
- (I) the definition of, or the methodology or formula for the determination of, such Original Reference Rate, or other means of calculating the Original Reference Rate, is materially changed or is reasonably likely to be changed;
  - (II) the provision of such Original Reference Rate or its publication is or is scheduled to be permanently or indefinitely cancelled or such provision ceases or is scheduled to cease;
  - (III) the regulatory supervisor of the administrator of the Original Reference Rate announces that such rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
  - (IV) a regulator or other official sector entity prohibits the use of such Original Reference Rate,

provided that, in the case of (I), (II) and (III) above, the Benchmark Modification or Cessation Event shall occur on the date of the relevant material change to the definition of, or the methodology or formula for the determination of, such Original Reference Rate, or other means of calculating the Original Reference Rate, the cancellation or cessation of the provision or publication of such Original Reference Rate or the date with effect from which such Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public announcement and, in each case, not the date of the relevant public statement or official announcement.

- (f) “Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine amounts of interest or principal (or any component used in the calculation thereof) or other calculation or event in respect of the Notes, provided, however, if a Successor Rate, Alternative Rate or SOFR Benchmark Replacement was determined by the Issuer in accordance with Condition 9E.1 or 9E.2 following a Benchmark Event, such Successor Rate, Alternative Rate or SOFR Benchmark Replacement shall be deemed the Original Reference Rate.
- (g) “Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):
- (I) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
  - (II) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other



supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

- (h) “Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body for the purposes of determining rates of interest (or the relevant component used in the calculation thereof) in the same Specified Currency as the Notes and/or any other such calculation in respect of the Notes made by reference to the Original Reference Rate.

## **9E.2 Benchmark Fallback Provisions (SOFR)**

This Condition 9E.2 shall only apply to U.S. dollar-denominated Notes and where so specified in the relevant terms.

If Benchmark Fallback Provisions (SOFR) is specified as applicable in the relevant terms:

If a Benchmark Event occurs in relation to an Original Reference Rate when any calculation or event in respect of the Notes remains to be determined by reference to such Original Reference Rate, then the Issuer shall either (A) in the event that Benchmark-related Redemption Event is specified in the Final Terms as being applicable to the Notes, redeem the Notes in accordance with Condition 6.13, or (B) in the event that Benchmark-related Redemption Event is not applicable to the Notes or the Issuer does not intend to give notice to redeem the Notes pursuant to Condition 6.13, apply the provisions set out hereunder:

- (i) The Issuer shall use reasonable endeavours to determine the SOFR Benchmark Replacement (acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest Rate applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 9E.2 during any other future Interest Period(s)).
- (ii) Subject to paragraph (iii) of this Condition 9E.2, if the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the “Issuer Determination Cut-off Date”) determines the SOFR Benchmark Replacement for the purposes of determining the Interest Rate applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 9E.2 during any other future Interest Period(s)), then such SOFR Benchmark Replacement shall be the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 9E.2 during any other future Interest Period(s)).

Without prejudice to the definition thereof, for the purposes of determining the SOFR Benchmark Replacement, the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate.

- (iii) Notwithstanding paragraph (ii) of this Condition 9E.2, if the SOFR Benchmark Replacement is not determined in accordance with paragraph (ii) of this Condition 9E.2 prior to the Issuer Determination Cut-off Date, then the relevant Interest Rate shall be determined using the SOFR Benchmark last displayed on the relevant Page prior to the relevant Interest Determination Date (though substituting, where a different Relevant Margin or Maximum or Minimum Interest Rate specified in the relevant terms is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin or Maximum or Minimum Interest Rate relating to the relevant

Interest Period in place of the Relevant Margin or Maximum or Minimum Interest Rate relating to the last preceding Interest Period).

This paragraph (iii) shall apply to the relevant Interest Period only. Any subsequent Interest Period(s) shall be subject to the subsequent operation of, and adjustment as provided in, this Condition 9E.2.

- (iv) Promptly following the determination of the SOFR Benchmark Replacement as described in this Condition 9E.2, the Issuer shall give notice thereof pursuant to this Condition 9E.2 to the Calculation Agent, the Paying Agent and the Noteholders.
- (v) The Calculation Agent, the Registrar, the Transfer Agent, the Exchange Agent, and the Paying Agents shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Agency Agreement, these Conditions and any other document as the Issuer determines may be required to give effect to any application of this Condition 9E.2, including, but not limited to:
  - (a) changes to these Conditions which the Issuer determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such SOFR Benchmark Replacement, including, but not limited to (I) the Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Page and/or Relevant Time applicable to the Notes and (II) the method for determining the fallback to the Interest Rate in relation to the Notes if such SOFR Benchmark Replacement is not available; and
  - (b) any other changes which the Issuer determines acting in good faith are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such SOFR Benchmark Replacement,

which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 9E.2). None of the Calculation Agent, the Paying Agents, the Registrar, the Exchange Agent or the Transfer Agent shall be responsible or liable for any determinations, decisions or elections made by the Issuer with respect to any waivers or consequential amendments to be effected pursuant to this Condition 9E.2(v) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

- (vi) No consent of the Noteholders shall be required in connection with effecting the relevant SOFR Benchmark Replacement as described in this Condition 9E.2 or such other relevant adjustments pursuant to this Condition 9E.2, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement (if required).
- (vii) As used in this Condition 9E.2:

“Corresponding Tenor” with respect to a SOFR Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current SOFR Benchmark;

“ISDA Definitions” means the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Rate” means the rate to be effective upon the occurrence of a SOFR Index Cessation Event according to (and as defined in) the ISDA Definitions, where such rate may have been adjusted for an overnight tenor, but without giving effect to any additional spread adjustment to be applied according to such ISDA Definitions;

“ISDA Spread Adjustment” means the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that shall have been selected by ISDA as the spread adjustment that would apply to the ISDA Fallback Rate;

“SOFR Benchmark” has the meaning given to that term in Condition 5.4;

“SOFR Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Issuer:

- (a) the sum of: (I) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the applicable Corresponding Tenor and (II) the SOFR Benchmark Replacement Adjustment;
- (b) the sum of: (I) the ISDA Fallback Rate and (b) the SOFR Benchmark Replacement Adjustment;  
or
- (c) the sum of: (I) the alternate rate that has been selected by the Issuer as the replacement for the then-current SOFR Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate as a replacement for the then-current SOFR Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the SOFR Benchmark Replacement Adjustment;

“SOFR Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer:

- (a) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted SOFR Benchmark Replacement;
- (b) if the applicable Unadjusted SOFR Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Spread Adjustment;
- (c) the spread adjustment (which may be a positive or negative value or zero) determined by the Issuer giving due consideration to any industry accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current SOFR Benchmark with the applicable Unadjusted SOFR Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time; and

“Unadjusted SOFR Benchmark Replacement” means the SOFR Benchmark Replacement excluding the applicable SOFR Benchmark Replacement Adjustment.

### **9E.3 Benchmark Fallback Provisions (ARRC)**

This Condition 9E.3 shall only apply to U.S. dollar-denominated Notes and where so specified in the relevant terms. This Condition 9E.3 relates to the benchmark discontinuation provisions published by the Alternative Reference Rates Committee in relation to the transition from U.S. dollar LIBOR to SOFR.

If Benchmark Fallback Provisions (ARRC) is specified as applicable in the relevant terms:

If a Benchmark Event occurs in relation to an Original Reference Rate when any calculation or event in respect of the Notes remains to be determined by reference to such Original Reference Rate, then the Issuer shall either (A) in the event that Benchmark-related Redemption Event is specified in the Final Terms as being applicable to the Notes, redeem the Notes in accordance with Condition 6.13, or (B) in the event that Benchmark-related Redemption Event is not applicable to the Notes or the Issuer does not intend to give notice to redeem the Notes pursuant to Condition 6.13, the Issuer shall apply the provisions set out hereunder:

- (i) If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Relevant Benchmark on any date, the Benchmark Replacement will replace the then-current Relevant Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.
- (ii) In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Calculation Agent, the Registrar, the Transfer Agent, the Exchange Agent and the Paying Agents shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Agency Agreement and these Conditions as may be required to give effect to this Condition 9E.3. Noteholders' consent shall not be required in connection with the effecting of any such changes, including the execution of any documents or any steps by the Issuing and Paying Agent (if required). Further, none of the Calculation Agent, the Paying Agents, the Registrar, the Exchange Agent or the Transfer Agent shall be responsible or liable for any determinations, decisions or elections made by the Issuer with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.
- (iii) Any determination, decision or election that may be made by the Issuer pursuant to this Condition 9E.3, including any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.
- (iv) Notwithstanding any other provision of this Condition 9E.3, if the Issuer cannot determine the Benchmark Replacement, including being unable or unwilling to make such determination under limb (e)(I) of the definition of "Benchmark Replacement", the relevant Interest Rate shall be determined using the Relevant Benchmark last displayed on the Page prior to the relevant Interest Determination Date (though substituting, where a different Relevant Margin or Maximum or Minimum Interest Rate specified in the relevant terms is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin or Maximum or Minimum Interest Rate relating to the relevant Interest Period in place of the Relevant Margin or Maximum or Minimum Interest Rate relating to the last preceding Interest Period).

This paragraph (iv) shall apply to the relevant Interest Period only. Any subsequent Interest Period(s) shall be subject to the subsequent operation of, and adjustment as provided in, this Condition 9E.3.

- (v) As used in this Condition 9E.3:  
 "Benchmark Replacement" means the Interpolated Benchmark; provided that if the Issuer cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:
  - (a) the sum of:
    - (I) Term SOFR; and
    - (II) the Benchmark Replacement Adjustment;
  - (b) the sum of:
    - (I) Compounded SOFR; and

- (II) the Benchmark Replacement Adjustment;
- (c) the sum of:
  - (I) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Relevant Benchmark for the applicable Corresponding Tenor; and
  - (II) the Benchmark Replacement Adjustment;
- (d) the sum of:
  - (I) the ISDA Fallback Rate; and
  - (II) the Benchmark Replacement Adjustment; or
- (e) the sum of:
  - (I) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Relevant Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Relevant Benchmark for U.S. dollar denominated floating rate notes at such time; and
  - (II) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (a) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (b) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (c) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Relevant Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Interest Period”, timing and frequency of determining rates and making payments of interest, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Interest Period and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Relevant Benchmark:

- (a) in the case of sub-clauses (a) or (b) of the definition of “Benchmark Transition Event”, the later of:
  - (I) the date of the public statement or publication of information referenced therein; and
  - (II) the date on which the administrator of the Relevant Benchmark permanently or indefinitely ceases to provide the Relevant Benchmark; or
- (b) in the case of sub-clause (c) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Relevant Benchmark:

- (a) a public statement or publication of information by or on behalf of the administrator of the Relevant Benchmark announcing that such administrator has ceased or will cease to provide the Relevant Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Relevant Benchmark;
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of the Relevant Benchmark, the central bank for the currency of the Relevant Benchmark, an insolvency official with jurisdiction over the administrator for the Relevant Benchmark, a resolution authority with jurisdiction over the administrator for the Relevant Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Relevant Benchmark, which states that the administrator of the Relevant Benchmark has ceased or will cease to provide the Relevant Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Relevant Benchmark; or
- (c) a public statement or publication of information by the regulatory supervisor for the administrator of the Relevant Benchmark announcing that the Relevant Benchmark is no longer representative;

“Compounded SOFR” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer in accordance with:

- (a) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR, provided that:
- (b) if, and to the extent that, the Issuer determines that Compounded SOFR cannot be determined in accordance with sub-clause (a) of this definition of “Compounded SOFR”, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

Notwithstanding the foregoing, Compounded SOFR will include such lookback and/or suspension period as specified in the relevant terms as a mechanism to determine the interest amount payable prior to the end of each Interest Period;

“Corresponding Tenor”, with respect to a Benchmark Replacement, means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Relevant Benchmark;

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org> or any successor source;

“Interpolated Benchmark”, with respect to the Relevant Benchmark, means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (a) the Relevant Benchmark for the longest period (for which the Relevant Benchmark is available) that is shorter than the Corresponding Tenor; and
- (b) the Relevant Benchmark for the shortest period (for which the Relevant Benchmark is available) that is longer than the Corresponding Tenor;

“ISDA Definitions” means the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Relevant Benchmark for the applicable tenor;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Relevant Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“LIBOR” means the London Interbank Offered Rate;

“Reference Time”, with respect to any determination of the Relevant Benchmark, means:

- (a) if the Relevant Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London Business Days preceding the date of such determination; and
- (b) if the Relevant Benchmark is not LIBOR, the time determined by the Issuer in accordance with the Benchmark Replacement Conforming Changes;

“Relevant Benchmark” means, initially, LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Relevant Benchmark, then “Relevant Benchmark” means the applicable Benchmark Replacement;

“SOFR”, with respect to any day, means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website;

“Term SOFR” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

## **10 Prescription**

- 10.1 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within 10 years or, in the case of interest, five years after the Relevant Date for payment thereof.
- 10.2 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 9A.7 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 10 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

## **11 The Paying Agents, the Registrar and the Calculation Agent**

- 11.1 The initial Paying Agents and the Registrar and their respective initial specified offices are specified below. The Calculation Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issuing and Paying Agent) or the Registrar or the Calculation Agent and to appoint additional or other Paying Agents or another Registrar or another Calculation Agent, provided that it will at all times maintain (i) an Issuing and Paying Agent, (ii) in the case of Registered Notes, a Registrar with a specified office in Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange, (iii) in the circumstances described in Condition 9A.5, a Paying Agent with a specified office in New York City, (iv) a Calculation Agent where required by the Terms and Conditions applicable to any Notes, (v) Paying Agents having specified offices in at least two major European cities and (vi) such other agents as may be required by any stock exchange on which the Notes may be listed (in the case of (i), (ii), (iv), (v) and (vi) with a specified office located in such place (if any) as may be required by these Terms and Conditions). The Paying Agents, the Registrar 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. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 14.
- 11.2 The Paying Agents, the Registrar, the Calculation Agent and the Replacement Agent (as defined in Condition 12 below) act solely as agents of the Issuer and, save as provided in the Issuing and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issuing and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

## **12 Replacement of Notes**

If any Note, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent (or such Paying Agent or Paying Agents as may be specified for such purpose in the Final Terms) (in the case of Bearer Notes and Coupons) or of the Registrar (in the case of Registered Notes) (“Replacement Agent”), subject to all applicable laws, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Notes, Receipts and Coupons must be surrendered before replacements will be delivered therefor.



### **13 Meetings of Holders and Modification**

The Issuing and Paying Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Issuing and Paying Agency Agreement) of these Terms and Conditions and the Deed of Covenant insofar as the same may apply to such Notes. An Extraordinary Resolution passed at any meeting of the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Notes of such Series.

The Issuing and Paying Agency Agreement also provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Issuer may, with the consent of the Issuing and Paying Agent, but without the consent of the Holders of the Notes of any Series or Coupons, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Notes to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant except with the sanction of an Extraordinary Resolution.

### **14 Notices**

Notices to Holders of Registered Notes shall be mailed to them at their respective addresses in the register kept by the Registrar and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing, and if any such Notes are listed on the Luxembourg Stock Exchange, notices will be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a daily newspaper with general circulation in Luxembourg (which is expected to be *the Luxemburger Wort*). Notices to Holders of Bearer Notes will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the Financial Times) and so long as the Notes are listed on the Luxembourg Stock Exchange, either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a daily newspaper with general circulation in Luxembourg (which is expected to be *the Luxemburger Wort*), and if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Notes in accordance with this Condition.

*While the Notes are evidenced or represented by a Global Note or Global Certificate held on behalf of a clearing system, notices to the holders of Notes will be deemed to have been given on the day on which the Issuer gives such notice to the Issuing and Paying Agent. See "Summary of Provisions Relating to the Notes While in Global Form".*

### **15 Further Issues**

The Issuer may from time to time, without the consent of the Holders of any Notes or Coupons, create and issue further instruments, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Notes of any particular Series.

## **16 Currency Indemnity**

The currency in which the Notes are denominated or, if different, payable, as specified in the Final Terms (the “Contractual Currency”), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

## **17 Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

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

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

## **19 Law and Jurisdiction**

- 19.1 The Notes, the Issuing and Paying Agency Agreement, the Keep Well Agreement and the Deed of Covenant and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- 19.2 The Issuer irrevocably agrees for the benefit of the Holders of the Notes that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, “Proceedings” and “Disputes”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 19.3 The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.
- 19.4 The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Holders of the Notes or any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the

taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

- 19.5 In the case of Notes issued by MHSC or MSUSA, MHSC or MSUSA, as the case may be, irrevocably appoints MHI as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by MHSC or MSUSA, as the case may be). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, MHSC or MSUSA, as the case may be, irrevocably agrees to appoint a substitute process agent and shall immediately notify Holders of Notes of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

## **20 Successor Corporation**

Any subsidiary of the Issuer may without the consent of the Holder of the Note, provided that no payment in respect of the Note is at the relevant time overdue, assume by deed liability for the due and punctual payment of the amounts due in respect of the Note and the performance of the Issuer's obligations under the Note. Upon any such assumption, the assuming company shall succeed to the rights and obligations of the Issuer under the Note and the Issuer shall be released from its liability on the Note. Such assumption shall be permitted only if in addition to assuming the obligations of the Issuer under the Note, (a) the assuming company shall, by means of a deed, agree to indemnify the Holder of the Note against (i) any tax, duty, fee or governmental charge which is imposed on such Holder by the jurisdiction of the country of its residence for tax purposes and, if different, of its incorporation or any political subdivision or taxing authority thereof or therein with respect to such Note and which would not have been so imposed had such assumption not been made, (ii) any tax, duty, fee or governmental charge imposed on or relating to the act of assumption, and (iii) any costs or expenses of the act of assumption, (b) the assuming company shall obtain all necessary governmental and regulatory approvals and consents necessary for its assumption of the obligations and liabilities as principal debtor under the Note, (c) the assuming company shall agree to be bound by the terms of the Note, the Issuing and Paying Agency Agreement, the Deed of Covenant and the Keep Well Agreement with any appropriate consequential amendments, as fully as if the assuming company had been named herein and therein as an original party, (d) legal opinions shall be delivered to the Holder of the Note (care of the Issuer) from lawyers of recognised standing in England (in the case of MHI), Japan (in the case of MHSC) or the United States (in the case of MSUSA) and the jurisdiction of the assuming company as to the validity of such assumption, (e) the Issuer shall give 14 days' notice of such substitution to the Holder of the Note in accordance with Condition 14 and (f) a supplementary base prospectus will be produced and distributed detailing the assumption of liability.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **1 Initial Issue of Notes**

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

Global notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depository or registration of Registered Notes in the name of any nominee of the Common Depository for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository or delivered to the Common Safekeeper may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **2 Relationship of Accountholders with Clearing Systems**

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

### **3 Exchange**

#### **3.1 Temporary Global Notes**

Subject as provided in the Terms and Conditions with respect to Partly Paid Notes, each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the TEFRA C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme-Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership substantially in the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each Temporary Global Note that is exchangeable for Registered Notes will be exchangeable for Registered Notes in accordance with the Terms and Conditions in addition to any Permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

#### **3.2 Permanent Global Notes**

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes or Registered Notes:

- (i) if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the relevant Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes represented by a corresponding interest in an Unrestricted Global Certificate or a Certificate that does not bear the Rule 144A Legend; and
- (ii) otherwise, (1) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the relevant Issuing and Paying Agent of its election for such exchange.

#### **3.3 Global Certificates**

- (a) Unrestricted Global Certificates

If the Final Terms state that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate to Notes represented by a Definitive Certificate may only be made:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

- (ii) if an event of default occurs in respect of any Note of the relevant Series, by the Holder giving notice to the relevant Issuing and Paying Agent of its election for such exchange, provided that, in the case of the first transfer of part of a holding, the registered Holder has given the Registrar not less than 30 days' notice at its specified office of the registered Holder's intention to effect such transfer.

If the Final Terms state that the Notes are to be represented on issue by interests in a Temporary Unrestricted Global Certificate, interests in such Temporary Unrestricted Global Certificate will be exchangeable after its Exchange Date, upon certification of non-U.S. person beneficial ownership, for beneficial interests in the related Permanent Unrestricted Global Certificate deposited on its Issue Date with, and registered in the name of, a nominee for the Common Depository for Euroclear and Clearstream, Luxembourg.

(b) Restricted Global Certificates

If the Final Terms state that the Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC. Transfers of the holding of Notes represented by that Restricted Global Certificate to Notes represented by a Definitive Certificate may only be made:

- (i) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies MSUSA that it is no longer willing or able to discharge properly its responsibilities as depository with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and MSUSA is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (ii) if an event of default occurs in respect of any Note of the relevant Series, by the Holder giving notice to the relevant Issuing and Paying Agent of its election for such exchange,

provided that, in the case of the first transfer of part of a holding, the relevant holder of Registered Notes has (a) given the relevant Registrar not less than 30 days' notice at its specified office of such holder of Registered Notes' intention to effect such transfer and (b) provided the relevant Registrar with a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "Transfer Restrictions".

### 3.4 Delivery of Notes

If the Global Note is a CGN or if the Global Certificate is not being held under the NSS, on or after any due date for exchange the holder of a Global Note or Global Certificate may surrender such Global Note or Global Certificate to or to the order of the relevant Issuing and Paying Agent. In exchange for any Global Note, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered

Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Definitive Certificates, as the case may be. If the Global Note is a NGN or if the Global Certificate is being held under the NSS, the Issuer will procure the details of such exchange be entered *pro rata* in the records of the relevant clearing system. In exchange for any Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Certificates. Global Notes, Definitive Notes and Definitive Certificates representing Unrestricted Notes will be delivered outside the United States and its possessions. In this Base Prospectus, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Definitive Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Issuing and Paying Agency Agreement. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### **3.5 Exchange Date**

“Exchange Date” means, in relation to a Temporary Global Note or a Temporary Global Certificate, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of the occurrence of an Event of Default 30 days, after the day on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the relevant Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## **4 Amendment to Terms and Conditions**

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

### **4.1 Payments**

No payment falling due after the Exchange Date will be made on any Temporary Global Note or Temporary Unrestricted Global Certificate unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes or, in the case of a Temporary Unrestricted Global Certificate, for an interest in a Permanent Unrestricted Global Certificate is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the TEFRA D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership substantially in the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system. Payments on any Temporary Unrestricted Global Certificate before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Issuing and Paying Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the relevant Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Holders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Global Certificate is being held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the

nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

For so long as Notes are represented by a Global Certificate, notwithstanding the provisions of Condition 9B.3, each payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

#### **4.2 Meetings**

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

#### **4.3 Cancellation**

Cancellation of any Note represented by a Global Note that is required by the Terms and Conditions to be cancelled (other than upon its redemption) will, in the case of CGN, be effected by reduction in the nominal amount of the relevant Permanent Global Note and, in the case of NGN, be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Note recorded in the records of the relevant Clearing Systems and represented by the Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

#### **4.4 Purchase**

Notes represented by a Permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

#### **4.5 Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 7 by stating in the notice to the relevant Issuing and Paying Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of the Deed of Covenant to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

In the case of Registered Notes held by or on behalf of Euroclear, Clearstream, Luxembourg, DTC or any other clearing systems where an Event of Default occurs in respect of any Notes of the relevant



Series and such Notes are not duly redeemed (or the funds required for such redemption are not available to the relevant Issuing and Paying Agent for the purposes of effecting such redemption and remain available for such purpose) by 6.00 p.m. (London time) or, in the case of Restricted Notes, 5.00 p.m. (New York time) on the thirtieth day after the day on which such Note became immediately redeemable, then such Registered Note will become void and the Holder will have no further rights thereunder (but without prejudice to the rights which such Holder or any other person may have under the Deed of Covenant).

#### **4.6 Notices**

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper having general circulation in Luxembourg (which is expected to be *the Luxemburger Wort*). Notices to the holders of Notes of that Series shall be deemed to be sufficiently given on the day on which the Issuer gives such notice to the Issuing and Paying Agent.

### **5 Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (i) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “Electronic Consent” as defined in the Issuing and Paying Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and
- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Issuing and Paying Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg, DTC or any other relevant alternative clearing system (the “relevant clearing system”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print-out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes

is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used for general corporate purposes.

## MIZUHO SECURITIES CO., LTD.

### **Introduction**

MHSC is a Tokyo-based securities brokerage company within the group of companies (“Mizuho Financial Group”) headed by Mizuho Financial Group, Inc. (“MHFG”). On 4 January 2013, MHSC merged (the “Merger”) with Mizuho Investors Securities Co., Ltd. (“MHIS”), a middle/retail market securities brokerage company wholly-owned by Mizuho Bank, Ltd., with MHSC being the surviving entity. The Merger was intended, as part of a new corporate structure within Mizuho Financial Group, to enhance the group’s retail securities business in Japan, rationalize and streamline management infrastructure, and provide securities functions in a unified manner throughout the group’s full-line of securities companies. Further, as a result of the reorganisation within Mizuho Financial Group, on 1 April 2013, MHSC became a directly-held subsidiary of MHFG.

### **Formation of MHSC**

MHSC was previously formed on 7 May 2009 through the merger of the company known until then as Mizuho Securities Co., Ltd. (“Old MHSC”) and Shinko Securities Co., Ltd. (“Shinko Securities”), with Shinko Securities being the surviving entity. This combined entity was renamed “Mizuho Securities Co., Ltd.”

#### *Old MHSC*

Old MHSC was a wholesale securities brokerage company whose customers were institutional investors, corporations, financial institutions and public corporations. Old MHSC was incorporated on 2 July 1993 in Japan under the name IBJ Securities Co., Ltd. (“IBJS”), as a limited company wholly-owned by The Industrial Bank of Japan, Limited (“IBJ”). On 29 September 2000, Mizuho Holdings, Inc. (“MHHD”) acquired IBJ as well as The Dai-ichi Kangyo Bank Limited (“DKB”) and The Fuji Bank Limited (“Fuji”). On 1 October 2000, the three banks’ securities subsidiaries (IBJS, DKB Securities Co., Ltd. and Fuji Securities Co., Ltd.) merged and changed the corporate name of the combined entity to Mizuho Securities Co., Ltd.

On 1 April 2002, the operations of DKB, Fuji and IBJ were reorganised according to the customer segments and business activities, and consolidated into two legally separate subsidiaries of MHHD: Mizuho Bank, Ltd. (“Old MHBK”, renamed from DKB) and Mizuho Corporate Bank, Ltd. (“MHCB”, renamed from Fuji). In accordance with the following reorganisation of the bank holding group structure in 2002 and 2003, Old MHSC became a wholly-owned subsidiary of MHCB.

#### *Shinko Securities*

Shinko Securities was a member of Mizuho Financial Group and a Japanese brokerage company mainly focusing on the mass retail market and high net worth individuals. Shinko Securities was formed in April 2000 through the merger of The New Japan Securities Co., Ltd. and Wako Securities Co., Ltd. The origins of Shinko Securities can be traced to Osaka Shoji, which was established in 1917.

### **Formation of MHIS**

MHIS, previously a member of the Mizuho Financial Group prior to its merger into MHSC, had one of the industry-leading branch networks in the middle/retail markets established in collaboration with Old MHBK. This branch network became part of MHSC following the Merger.

MHIS was formed in October 2000 through the merger of Kankaku Securities Co., Ltd. and Kokyo Securities Co., Ltd. The origins of MHIS can be traced to Nippon Kangyo Securities Co., Ltd., which was established in 1922.

### **Integration of MHSC and MHIS**

On 4 January 2013, MHSC merged with MHIS, with MHSC being the surviving entity. MHSC aims to provide integrated securities services as the full-line securities company of Mizuho Financial Group.

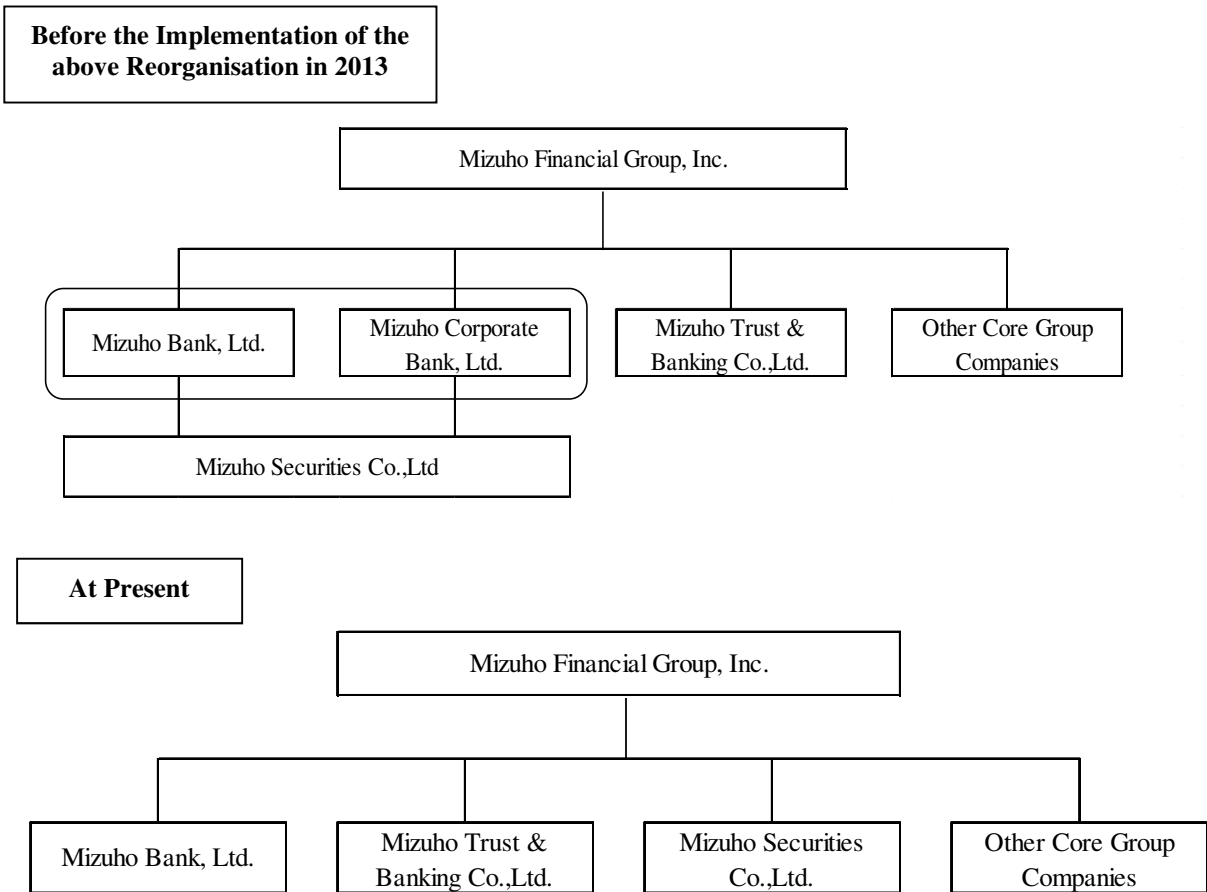
Following the Merger, the former branch network of MHIS became part of MHSC. As at 31 December 2020, the branch network of MHSC consists of 105 standalone offices nationwide including Tokyo, Osaka, Nagoya, Kyoto, Fukuoka and others and 136 in-branch offices marketed under the name of “Planet Booths”, where MHSC provides customer services within the banking branches of MHBK (as defined below).

### **Reorganisation of the Group Structure of Mizuho Financial Group**

On 1 April 2013, Old MHBK and MHCN, each a wholly-owned subsidiary of MHFG and which together held 95.80 per cent. of the voting shares of MHSC, each distributed all shares of MHSC they held to MHFG as dividend-in-kind. As a result, MHSC became a directly-held subsidiary of MHFG. Through this reorganisation of the group structure, Mizuho Financial Group intends to strengthen the group cooperation among banking, trust banking, securities and other businesses, by placing the banking, trust banking, securities and other core group companies under the direct control of MHFG, as the holding company.

Further, on 1 July 2013, MHCN merged with Old MHBK, with MHCN being the surviving entity, and the combined entity was renamed “Mizuho Bank, Ltd.” (“MHBK”). By such merger, a formation of a single bank and single securities structure was completed.

The formation of the new capital structure as described above is a part of Mizuho Financial Group’s business strategy to build the most effective and advanced group management structure. Mizuho Financial Group, by strengthening group collaboration, intends to provide customers with multifaceted and seamless financial services in a direct and timely manner.



**Activities**

MHSC’s head office is located at Otemachi First Square, 5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan.

To corporate and institutional clients, MHSC mainly provides investment banking services such as equity and bond underwriting, support for public share offerings, financial and capital policy advisory services, M&A advisory services and structured finance.

To individuals and households, MHSC provides retail services relating to equities, bonds, investment trusts and annuities along with financial services such as asset management wrap accounts.

MHSC is registered as a broker-dealer of securities under the Financial Instruments and Exchange Act of Japan.

**Board of Directors**

As at the date of this Base Prospectus, the Board of Directors of MHSC were as follows:

|                    |   |
|--------------------|---|
| Koichi Iida        | President & CEO (Representative Director)   |
| Kiyoshi Miyake     | Chairman, Member of the Board of Directors  |
| Atsushi Takahashi  | Deputy President (Representative Director) and Deputy President & Executive Officer |
| Masaya Oishi       | Executive Managing Director and Managing Executive Officer                          |
| Tatsufumi Sakai    | Member of the Board of Directors (not full-time)                                    |
| Toshitsugu Okabe   | Member of the Board of Directors (not full-time)                                    |
| Hideyuki Kawashima | Member of the Board of Directors (Audit & Supervisory Committee Member)             |

|                    |  |
|--------------------|--|
| Hisashi Kikuchi    | Member of the Board of Directors (Audit & Supervisory Committee Member)<br>(not full-time) |
| Yasuhisa Hashimoto | Member of the Board of Directors (Outside Director) (Audit & Supervisory Committee Member) |
| Hiroyuki Suzuki    | Member of the Board of Directors (Outside Director) (Audit & Supervisory Committee Member) |
| Seiji Koga         | Member of the Board of Directors (Outside Director) (Audit & Supervisory Committee Member) |

The business address of each of the directors is, Otemachi First Square, 5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan.

### **Employees**

As at 30 September 2020, MHSC had 7,554 employees.

### **Subsidiaries and Associated Companies**

As at 30 September 2020, MHSC had six directly and/or indirectly held major overseas subsidiaries, namely MHI, Mizuho (Switzerland) Ltd, Mizuho Securities Asia Limited, Mizuho Securities (Singapore) Pte. Ltd., Mizuho Securities India Private Limited, and Mizuho Securities Europe GmbH.

As at 30 September 2020, MHSC had three directly held major domestic subsidiaries, namely Mizuho Securities Principal Investment Co., Ltd., Japan Investor Relations and Investor Support, Inc., and Mizuho Securities Business Service Co., Ltd.

As at 30 September 2020, MHSC also had three directly held major associated company, namely Nippon Securities Technology Co., Ltd., Mobile Internet Capital, Inc. and One Tap BUY Co., Ltd.

## CAPITALISATION OF MIZUHO SECURITIES CO., LTD.

The following table shows the unaudited consolidated capitalisation of MHSC as at 30 September 2020.

|   | <b>Unaudited Consolidated</b> |
|---|-------------------------------|
|   | <i>(millions of Yen)</i>      |
| <b>Debt</b>   |                               |
| <b>Short-term debt</b>  |                               |
| Bank loans  | 288,467                       |
| - Due within 1 year .....   |                               |
| Others .....  | 683,327                       |
| Commercial Paper .....  | 297,000                       |
| Debt Securities in issue (bonds and MTN)                                |                               |
| - Due within 1 year .....   | 227,662                       |
| Subordinated liabilities  |                               |
| - Bank loans .....  | 30,000                        |
| <b>Long-term debt</b>   |                               |
| Bank loans  |                               |
| - Due 1 year and over.....  | 78,400                        |
| Debt securities in issue (bonds and MTN)                                |                               |
| - Due 1 year and over.....  | 645,713                       |
| Subordinated liabilities  |                               |
| - Bank loans .....  | 60,000                        |
| <b>Total debt</b> .....   | <b>2,310,570</b>              |
| <b>Net Assets</b>   |                               |
| Common stock  |                               |
| (Authorised – 4,000,000,000 shares)                                     |                               |
| Issued – 2,015,102,652 fully-paid shares .....                          | 125,167                       |
| Capital Surplus.....  | 358,414                       |
| Retained earnings (deficits).....                                       | 483,579                       |
| Shareholders' equity .....  | 967,161                       |
| Net unrealised gain on (operating) investment securities, net of tax... | 26,569                        |
| Foreign currency translation adjustments.....                           | (72,411)                      |
| Remeasurement of defined benefit plans .....                            | 6                             |
| Accumulated other comprehensive income (loss)                           | (45,835)                      |
| Non-controlling interests   | 1,683                         |
| <b>Total Net Assets</b> .....   | <b>923,008</b>                |

Notes:

- (1) The above is the most recent capitalisation table available for MHSC.
- (2) There has been no material change in the capitalisation of MHSC since 30 September 2020.



## SUMMARY FINANCIAL INFORMATION FOR MIZUHO SECURITIES CO., LTD.

Set out below is the summary consolidated financial data for MHSC as at and for the years ended 31 March 2019 and 31 March 2020, and as at and for the six months ended 30 September 2020.

|   | 30 September 2020<br>(Unaudited) | 31 March 2020<br>(Audited) | 31 March 2019<br>(Audited) |
|---|----------------------------------|----------------------------|----------------------------|
|   | <i>(millions of Yen)</i>         |                            |                            |
| <b>For the Fiscal Period</b>                                      |                                  |                            |                            |
| Net interest income .....   | 9,944                            | 8,706                      | 6,806                      |
| Net operating revenues .....                                      | 165,215                          | 282,085                    | 283,891                    |
| Selling, general and administrative expenses.....                 | 126,722                          | 252,849                    | 262,673                    |
| Income before income taxes and non-controlling<br>interests ..... | 37,197                           | 29,180                     | 11,347                     |
| Net income attributable to owners of parent .....                 | 30,239                           | 21,428                     | 4,377                      |
| <b>At period End</b>  |                                  |                            |                            |
| Total assets .....  | 18,564,759                       | 17,642,714                 | 15,642,380                 |
| Total liabilities and net assets .....                            | 18,564,759                       | 17,642,714                 | 15,642,380                 |

## MIZUHO INTERNATIONAL PLC

### Introduction

Mizuho International plc (“MHI”) was incorporated in England and Wales under the Companies Acts 1948 to 1967 as a limited company under the name IBJ International Limited on 14 March 1975. On 31 July 1992 MHI’s status was changed to that of a public company under the name IBJ International plc (“IBJI”). On 1 December 2000 IBJI merged with Fuji International Finance PLC (“FIF”) and DKB International plc (“DKBI”) and changed its name to Mizuho International plc.

From its incorporation, MHI was owned by The Industrial Bank of Japan, Limited (“IBJ”). Mizuho Holdings, Inc. (“MHHD”) was established on 29 September 2000 and each of IBJ, The Fuji Bank, Limited (“Fuji”) and The Dai-Ichi Kangyo Bank, Limited (“DKB”) became owned by MHHD as of such date. The group of companies owned by MHHD from then on was known as the Mizuho Financial Group (“the Group”).

Pursuant to the consolidation between IBJ, Fuji and DKB, MHI became owned by IBJ as to 52.51 per cent., by Fuji as to 29.11 per cent. and by DKB as to 18.38 per cent. as of 1 December 2000.

As a result of various group reorganisations between 2002 and 2004, as of 18 March 2004, MHI became 100 per cent. directly owned by the company then known as Mizuho Securities Co., Ltd. (“Old MHSC”).

As of 7 May 2009, following the merger of Old MHSC and Shinko Securities Co., Ltd., with Shinko Securities being the surviving legal entity and renamed Mizuho Securities, Co., Ltd (“MHSC”), MHI became 100 per cent. directly owned by MHSC.

On 14 December 2009, Mizuho Securities UK Holdings Limited (“MSUKH”) was incorporated in England and Wales as a private limited company. MSUKH was a wholly-owned subsidiary of MHSC. As at 25 January 2010, MSUKH purchased all of the issued share capital of MHI from MHSC and, as a result, MHI became 100 per cent. directly owned by MSUKH.

In February 2011, MHI opened an agent office in Frankfurt, Germany.

MHI’s registered office is at Mizuho House, 30 Old Bailey, London EC4M 7AU.

On 21 July 2016, the solvent shareholders’ insolvency of MSUKH was commenced. On 25 August 2016 MSUKH distributed its assets (including all of the shares in MHI) to MHSC. Thus, from 25 August 2016 MHSC was the sole shareholder of MHI.

In January 2018, MHI opened a branch in Dubai International Financial Centre.

On 21 December 2018, MHI created a representative office in Madrid, Spain which was subsequently closed on 12 March 2020.

On 31 August 2019, MHI closed its agent office in Frankfurt, Germany.

### Activities

MHI is the London-based securities underwriting, broking and trading company within the Group. MHI’s activities include customer business in debt and equity securities, alternative assets, repurchase activities, money market loans and deposits. In order to meet customer demand, MHI carries portfolios of cash instruments, is involved in derivatives and maintains access to market liquidity. MHI uses recognised techniques to manage the risks inherent in its business.

MHI is an institution which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority; MHI is authorised by the Prudential Regulation Authority to accept deposits pursuant to the Financial Services and Markets Act 2000.

MHI has developed further its derivatives business through the absorption of business from Mizuho Capital Markets (UK) Limited in January 2017.

## **Directors and Management**

As at 31 December 2020, the Directors of MHI were as follows:

|                    |  |
|--------------------|--|
| David Weymouth     | Chairman & Independent Non-Executive Director    |
| Suneel Bakhshi     | President & Chief Executive Officer              |
| Masahiko Mochizuki | Deputy President & Senior Managing Director      |
| Robert Tallentire  | Chief Finance Officer & Senior Managing Director |
| Maureen Erasmus    | Senior Independent Non-Executive Director        |
| David Atkinson     | Independent Non-Executive Director               |
| Greg Bennett       | Independent Non-Executive Director               |
| Yuzo Kanamori      | Non-Executive Director                           |
| Shinsuke Toda      | Non-Executive Director                           |
| Atsushi Takahashi  | Non-Executive Director                           |

As at that date, the Company Secretary of MHI was Sara Fox.

## **Employees**

As at 31 December 2020, MHI had a workforce of 589 people (including contractors, fixed term workers, expatriates and secondees).

## **Subsidiaries and Associated Companies**

As at 31 December 2020, MHI had one subsidiary, Mizuho Securities Europe GmbH (“MHEU”), incorporated in Germany which has been operational since late March 2019 in preparation for the UK ceasing to be a member of the EU pursuant to the evolution of the UK’s Brexit negotiations. On 7 October 2019 and 1 April 2020 MHEU created a branch in Madrid, Spain and Paris, France, respectively.

## CAPITALISATION OF MIZUHO INTERNATIONAL PLC

The following table shows the capitalisation of MHI as at 30 September 2020:

|  | <b>Unaudited Consolidated</b> |
|--|-------------------------------|
|  | <i>(£ millions)</i>           |
| <b>Debt</b>  |                               |
| Debt securities in issue (bonds and medium-term notes)   |                               |
| - Due within 1 year .....                                | 702.4                         |
| - Due within 1 year and over .....                       | 1,041.7                       |
| <b>Total long-term debt</b> .....                        | 1,744.1                       |
| <b>Shareholder's equity</b>                              |                               |
| Ordinary Shares, par value £10 each:                     |                               |
| Maximum Permitted <sup>(1)</sup> 78,000,000 shares ..... |                               |
| Issued –70,985,797 shares .....                          | 709.9                         |
| <b>Reserves</b>  |                               |
| Share premium reserve .....                              | 15.7                          |
| Other reserves .....                                     | (6.2)                         |
| Fair value reserve .....                                 | -                             |
| Profit and loss account (retained earnings) .....        | (20.4)                        |
| Profit and loss account (current year) .....             | 29.5                          |
| <b>Total shareholders' funds-equity</b> .....            | 728.5                         |

Notes:

- (1) The maximum permitted under MHI's Memorandum and Articles of Association
- (2) The above is the most recent capitalisation table available.

As at 30 September 2020, MHI's maximum permitted share capital was £780,000,000 represented by 78,000,000 ordinary shares of £10 each and its issued share capital was £709,857,970 represented by 70,985,797 wholly paid-up shares with a par value of £10 each.

## SUMMARY FINANCIAL INFORMATION FOR MIZUHO INTERNATIONAL PLC

Set out below are the summary financial data for MHI as at and for the years ended 31 March 2019 and 31 March 2020, and as at and for the six months ended 30 September 2020.

The summary financial data of MHI set out below is derived from, and should be read in conjunction with, MHI's financial statements for these periods which are incorporated herein by reference (see "Documents Incorporated by Reference"). The financial statements for the years ended 31 March 2019 and 31 March 2020 have been prepared in accordance with applicable accounting standards and have been audited by Ernst & Young LLP.

|   | <b>30 September<br/>2020<br/>(Unaudited)</b> | <b>31 March<br/>2020<br/>(Audited)</b> | <b>31 March<br/>2019<br/>(Audited)</b> |
|---|--|--|--|
|   | <i>(£ millions)</i>                          |  |  |
| <b>For the Fiscal Period</b>  |  |  |  |
| Net interest income (loss) .....  | (2.1)  | (21.8)                                 | (17.3)                                 |
| Operating income.....   | 142.5  | 157.5                                  | 174.6                                  |
| Administrative expenses (including depreciation, amortisation and provisions for liabilities and charges) ..... | (108.7)                                      | (208.2)                                | (206.2)                                |
| Operating profit (loss) on ordinary activities before tax .....   | 33.8   | (50.1)                                 | (29.3)                                 |
| Operating profit (loss) on ordinary activities after tax .....  | 29.5   | (40.7)                                 | (19.5)                                 |
| <b>At Period End</b>  |  |  |  |
| Total Assets .....  | 24,743.0                                     | 24,045.1                               | 19,384.1                               |
| Total Liabilities and Shareholders' Funds .....   | 24,743.0                                     | 24,045.1                               | 19,384.1                               |

## MIZUHO SECURITIES USA LLC

### Introduction

Mizuho Securities USA LLC (“MSUSA”), a limited liability company organised under the laws of Delaware, is wholly owned by Mizuho Americas LLC (“Mizuho Americas”), which is wholly owned by Mizuho Bank, Ltd. (“MHBK”), a wholly owned subsidiary of Mizuho Financial Group, Inc. (“MHFG”). MHFG, a joint stock corporation incorporated with limited liability under the laws of Japan, is a holding company listed on the Tokyo, Osaka, and New York Stock Exchanges that provides comprehensive financial services through its subsidiaries. MHBK, a joint stock corporation incorporated with limited liability under the laws of Japan, is a global wholesale bank that serves clients ranging from retail investors to large corporations to financial institutions to public sector entities. Mizuho Americas, a limited liability company organised in Delaware, is a U.S. bank holding company that was formed on 1 July 2016.

MSUSA was incorporated in Delaware on 16 August 1976 by way of a predecessor corporation, and existed as a corporation under the General Corporation Law of the State of Delaware for over 41 years. On 31 March 2017, MSUSA changed its form of organization from a Delaware corporation to a Delaware limited liability company. MSUSA is regulated as a registered broker-dealer under the Securities Exchange Act of 1934, as amended, and as a futures commission merchant (“FCM”) under the Commodities Exchange Act, as amended. MSUSA maintains offices in New York, Iselin, Chicago, Houston, San Francisco, and Los Angeles, with its corporate headquarters located at 1271 Avenue of the Americas, New York, NY 10020. MSUSA’s telephone number is (212) 209-9300, and its internet address is [www.mizuhoamericas.com](http://www.mizuhoamericas.com). MSUSA posts unaudited its semi-annual Statements of Financial Condition on its website.

MSUSA is the manager of Mizuho Capital Markets LLC (“MCM”) and of Mizuho Markets Americas LLC (“MMA”). MCM is a dealer in interest rate and foreign currency derivative products, and provides derivative clearing services to its affiliates. MMA is a registered OTC derivatives dealer that is permitted to deal in eligible OTC derivative instruments.

Mizuho Securities Canada Inc. (“MSCN”), is a wholly owned subsidiary of MSUSA. MSCN participates in capital markets transactions in the Canadian marketplace and is a corporation organized under the laws of British Columbia, Canada. MSCN is a registered broker-dealer in the United States and is a registered investment dealer in Canada as well as a member of the U.S Financial Industry Regulatory Authority (“FINRA”) and the Investment Industry Regulatory Organization of Canada (“IIROC”), the Canadian national self-regulatory organization, and is subject to the rules and regulations of both. MSCN commenced operations in the first quarter of 2020.

As of 1 January 2021, MSUSA was the primary employer of 1,178 people.

### Board of Directors

MSUSA’s Board of Directors has ten members, of whom four are independent directors, four are officers of affiliates of MSUSA, and two are executive officers of MSUSA.

As of 1 January 2021, the MSUSA Board of Directors was comprised of:

|                 |   |
|-----------------|---|
| Teiji Teramoto  | Executive Director<br>MSUSA Chairman; Mizuho Americas LLC<br>Chairman & CEO |
| Gerald Rizzieri | Executive Director<br>MSUSA President & Chief Executive Officer Director    |
| Jill Considine  | Independent Director  |

|                     |  |
|---------------------|--|
| Chester B. Feldberg | Independent Director   |
| Jacques Busquet     | Independent Director   |
| Hiroshi Nagamine    | Non-Executive Director<br>Senior Managing Executive Officer, Mizuho Bank, Ltd. and<br>Mizuho Financial Group Inc.    |
| Yoshiro Hamamoto    | Non-Executive Director<br>Managing Executive Officer, Mizuho Securities Co., Ltd. and<br>Mizuho Financial Group Inc. |
| Koichi Zaiki        | Non-Executive Director<br>Mizuho Americas LLC Chief Administration Officer   |
| Martin Mand         | Independent Director   |
| Yuzo Kanamori       | Non-Executive Director<br>Executive Managing Director, Mizuho Securities Co., Ltd.                                   |

As of that date, the Corporate Secretary was Rich Skoller.

The Audit, Compensation and Executive Committees consist of members of and report to the Board of Directors. The Management, Risk, Underwriting, and New Products Committees report to the President and Chief Executive Officer, and the Information Technology Committee reports to the Chief Operating Officer.

## **Activities and Business Segments**

MSUSA is registered as a broker-dealer with the U.S. Securities and Exchange Commission (“SEC”), and as a futures commission merchant (“FCM”) with the U.S. Commodity Futures Trading Commission (“CFTC”). It is also registered as a municipal securities dealer with the Municipal Securities Rulemaking Board (“MSRB”). MSUSA is a member of the FINRA, as its self-regulatory organisation, the Securities Investor Protection Corporation (“SIPC”) and the National Futures Association (“NFA”), and its futures activities also are regulated by the CME Group (“CME”) as MSUSA’s Designated Self-Reporting Organisation (“DSRO”). MSUSA has obtained an international dealer exemption from registration in certain provinces of Canada, which permits MSUSA to do a limited amount of business in such provinces. In September 2018, MSUSA formed a Canadian subsidiary, MSCN, which is licensed both in the United States and Canada, and which commenced business operations in the first quarter of 2020. On a global basis, MSUSA’s securities business is organised into two business segments: Global Markets (“GMK”) and Global Investment Banking (“GIB”). The GMK business segment focuses on market-making in equity and fixed income products and on futures clearing and execution, while the GIB business segment assists clients with raising capital through debt and equity underwriting and mergers and acquisition advisory services.

### ***GMK***

#### *Fixed Income Sales and Market Making*

MSUSA engages in sales and market making for various fixed income products and services. MSUSA conducts primary and secondary market transactions in U.S. Treasury, Federal Agency, Government-Sponsored Enterprise (“GSE”) and non-agency mortgage-backed, municipal, asset-backed, and corporate investment grade and high-yield debt securities. Clients for fixed income products include investment advisors, broker-dealers, insurance companies, banks, municipalities, central banks, hedge funds and corporations.

MSUSA is one of 24 primary dealers in U.S. Treasury securities designated by the Federal Reserve Bank of New York (“FRBNY”) and is an active participant in Treasury auctions and in the Federal Reserve’s open

market operations. MSUSA's government securities market-making and sales staff transact in U.S. Treasury Bills, Notes, Bonds and STRIPs.

MSUSA is an authorised dealer in the debt programs of several GSEs such as the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Bank ("FHLB"), the Federal Farm Credit Bank ("FFCB") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"). MSUSA is a dealer in mortgage backed, asset-backed and commercial mortgage-backed securities. MSUSA is a sponsor on REMIC transactions of mortgage-backed securities with collateral consisting of Fannie Mae, Freddie Mac and Government National Mortgage Association ("GNMA"). MSUSA is a dealer and manager on collateralised loan obligation transactions.

MSUSA is a dealer in investment-grade and high-yield corporate, emerging market, supranational, provincial and sovereign debt. MSUSA is also a dealer of corporate commercial paper programs.

#### *Fixed Income Finance*

Through its repurchase desk, MSUSA provides financing for MSUSA's own market making activity and for the financing needs of its customers. MSUSA maintains an active matched book in U.S. Government, GSE and other fixed income securities. In matched book transactions, MSUSA purchases securities under an agreement to resell from one counterparty, and sells identical securities under an agreement to repurchase from another counterparty. MSUSA earns interest income on securities purchased under agreement to resell transactions and incurs interest expense on securities sold under agreement to repurchase transactions. MSUSA marks to market the underlying collateral each day and requests additional collateral or returns excess collateral, as appropriate.

#### *Derivatives*

MSUSA may enter into interest rate swaps (including with its affiliate, MCM), and credit default swaps with a variety of counterparties for hedging purposes.

#### *Equity Sales and Market Making*

MSUSA addresses the needs of its institutional investor client base by providing equity and equity-linked securities distribution and execution for equity markets located primarily in Asia, the U.S. and Canada. MSUSA also has an investor relations desk that introduces Asian, U.S. and Latin American corporate issuers to institutional investors/corporate access in the U.S., Europe and Asia. The current investor client base has more than 400 clients composed of investment advisors, hedge funds, mutual funds, pension funds, and corporations. MSUSA has sales and market making capability in mostly U.S. cash equities, event-driven instruments, and convertible bonds. Mizuho Electronic Trading provides an array of low touch trading strategies. Program trading provides clients with the opportunity to trade baskets of stocks globally in more than 50 countries.

#### *Equity Research*

MSUSA produces equity research coverage of technology, health care, retail, energy/power, real estate/real estate investment trusts ("REITs"), and transportation/equipment.

#### *Equity Finance*

MSUSA provides equity and equity-linked securities financing capability for the equity markets located primarily in Asia, the U.S., and Canada. MSUSA borrows securities to cover short sales in connection with its market making activities and to complete transactions in which customers have failed to deliver securities by the settlement date. MSUSA lends securities to other brokers and dealers for similar purposes. MSUSA has an active securities borrowing and lending matched book business in which it borrows securities from one party and lends them to another party. MSUSA generally posts cash collateral to the lender when MSUSA borrows securities, and receives collateral, typically cash, when it lends securities. MSUSA typically earns interest income on cash collateral that it has pledged and typically incurs interest expense on the cash collateral that it



receives from a party that is borrowing securities. MSUSA monitors the fair value of the securities that it borrows and lends on a daily basis and requests additional collateral or returns excess collateral, as appropriate.

### *Futures*

MSUSA is registered as an FCM with the CFTC, and is a member of the NFA, to which the CFTC has delegated registration authority. As an FCM, MSUSA offers clearing and execution services on global exchanges to affiliate and third party clients. As the primary exchange membership holder in the Mizuho Financial Group, MSUSA offers its clients a single clearing platform to access markets (i.e. CME Group, Intercontinental Exchange, EUREX, and other exchanges) with voice and electronic execution capabilities via Independent Software Vendor (“ISV”) licensed platforms. MSUSA’s clients include financial institutions, commercial hedgers, commodity trading advisors, hedge funds, money managers, and pension funds.

## **GIB**

### *Fixed Income Capital Markets*

MSUSA underwrites issuances of investment-grade and high-yield corporate, emerging market, supranational, provincial and sovereign debt, as well as agency residential mortgage-backed securities, municipal securities, collateralised loan obligations, asset-backed securities, and non-agency residential mortgage-backed securities. MSUSA is a placement agent on private placements of corporate debt. MSUSA is also a dealer of corporate commercial paper programs.

### *Equity Capital Markets*

MSUSA underwrites issuances of equity and equity-linked securities primarily for U.S. and Latin American issuers, and acts as placement agent on private placements of equity securities in the U.S., including Japanese and Asian equity issuances. MSUSA acts as a structuring agent and calculation agent of certain structured equity transactions.

### *Mergers & Acquisition Advisory*

MSUSA provides mergers and acquisitions advisory business in the Americas to its clients on U.S. domestic and cross-border transactions. In many cases, MSUSA works jointly with its affiliate, Mizuho Securities Co., Ltd., for Japan-related cross-border transactions under a business agreement between MSUSA and MHSC.

### ***MSUSA’s Sources of Revenues***

MSUSA derives a portion of its revenues from fees, including fees from fixed income and equity capital markets and advisory transactions, and commissions.

In the regular course of business, MSUSA trades securities as principal for its own account, including transactions conducted in its capacity as a market maker, to facilitate customer transactions. MSUSA may recognize profits or losses from these principal transactions.

### ***Interest***

MSUSA derives a substantial portion of its interest revenues in connection with its securities lending, borrowing and repurchase activity. MSUSA also earns interest on its securities portfolio, on its operating and segregated balances.

### ***Services to Affiliates***

In the normal course of business, MSUSA enters into transactions with affiliated companies as part of its trading, clearing, financing, and general operations. Payments from such transactions are booked gross as affiliate revenues under Accounting Standards Update (“ASU”) 2016-08, Principal versus agent clarity on Accounting Standards Codification (“ASC”) 606, “Revenue from contracts with customers (Topic 606)”.

### **Regulation**

The securities and futures industries in the United States are subject to extensive regulation under both federal and state laws. MSUSA is registered as a broker-dealer with the SEC, as a municipal securities dealer with the MSRB and as an FCM with the NFA. In addition, MSUSA is subject to supervision and oversight by FINRA, the CME Group, the CFTC, and the FRBNY. The SEC is the federal agency responsible for the administration of federal securities laws. FINRA, a self-regulatory organisation, is actively involved in the regulation of broker-dealers and conducts periodic examinations of member broker-dealers in accordance with rules they have adopted and amended from time to time, subject to approval by the SEC. MSUSA conducts business outside of the United States and as a result is subject to regulation in other jurisdictions. MSUSA is also subject to periodic inspections by the Japanese Financial Services Authority and the Bank of Japan.

As a registered broker-dealer, MSUSA is required by law to be a member of SIPC. In the event of a SIPC member's insolvency, the SIPC fund currently provides protection for customer accounts up to U.S.\$500,000, with a limitation of U.S.\$250,000 on claims for cash balances.

### **Net Capital Requirements**

As a U.S. registered broker-dealer, MSUSA is subject to the SEC's Uniform Net Capital Rule ("Rule 15c3-1"), which requires the maintenance of minimum net capital. MSUSA computes its net capital under the alternative method permitted by Rule 15c3-1. This method requires that MSUSA maintain minimum net capital, as defined, equivalent to the greater of U.S.\$250,000 or two per cent. of aggregate debit items arising from customer transactions pursuant to SEC Rule 15c3-3, or eight per cent. of the total risk margin requirement for positions carried in customer and non-customer accounts pursuant to the Commodity Exchange Act, plus excess margin collected on securities received on resale agreements, as defined.

At 31 March 2020, MSUSA's net capital of U.S.\$905,319 was U.S.\$528,236 in excess of the required amount of U.S.\$377,083. Advances to affiliates, repayment of subordinated liabilities, dividend payments, and other equity withdrawals are subject to certain limitations and other provisions of the SEC and other regulators.

As of 31 March 2020, MSUSA's net capital and excess net capital were as follows:

|             | <u>Net Capital</u>        | <u>Unaudited<br/>Excess Net Capital</u> |
|-------------|---------------------------|---|
|             | <i>(U.S.\$ thousands)</i> |   |
| MSUSA ..... | 905,319                   | 528,236                                 |

As of 30 September 2020, MSUSA's net capital and excess net capital were as follows:

|             | <u>Net Capital</u>        | <u>Unaudited<br/>Excess Net Capital</u> |
|-------------|---------------------------|---|
|             | <i>(U.S.\$ thousands)</i> |   |
| MSUSA ..... | 1,093,350                 | 670,580                                 |

## CAPITALISATION OF MIZUHO SECURITIES USA LLC

The following table shows the unaudited capitalisation of MSUSA as at 30 September 2020<sup>(1)</sup>:

|   | <b>Unaudited</b><br><i>(U.S.\$ thousands)</i> |
|---|---|
| <b>Debt</b>   |   |
| <b>Short-term debt</b>                              |   |
| Debt Securities in issue (MTN) <sup>(2)</sup>       |   |
| - Due within 1 year .....                           | 598,000                                       |
| Bank Loans <sup>(3)</sup>                           |   |
| - Due within 1 year .....                           | 334,480                                       |
| Subordinated liabilities                            |   |
| - Due within 1 year .....                           | 0   |
| <b>Long-term debt</b>                               |   |
| Debt Securities in issue (MTN) <sup>(2)</sup>       | 0   |
| - Due 1 year and over .....                         |   |
| Subordinated liabilities                            | 400,000                                       |
| - Due 1 year and over .....                         |   |
| <b>Total debt</b> .....                             | <u>1,332,480</u>                              |
| <b>Member's equity</b> .....                        |   |
| Retained earnings (deficits) .....                  | 686,056                                       |
| Accumulated other comprehensive income (loss) ..... | 741   |
| Member's interest .....                             | 688,159                                       |
| <b>Total Member's equity</b> .....                  | <u>1,374,956</u>                              |

Notes:

- (1) The above is the most recent unaudited capitalisation table available as of the date of this Base Prospectus.
- (2) As of 31 December 2020, MSUSA had one series of medium term notes outstanding, totalling U.S.\$810.5 million.
- (3) This consists of affiliate loans from MHBK in Tokyo and London.

## SUMMARY FINANCIAL INFORMATION FOR MIZUHO SECURITIES USA LLC

Set out below are the summary financial data as at and for the years ended 31 March 2019 and 2020 for MSUSA.

The summary financial data of MSUSA set out below is derived from, and should be read in conjunction with, MSUSA's financial statements for these periods which are incorporated herein by reference (see "Documents Incorporated by Reference"). The financial statements for the years ended 31 March 2019 and 31 March 2020 have been prepared in accordance with applicable accounting standards and have been audited by Ernst & Young LLP.

|   | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| <i>(U.S.\$ thousands)</i>               |               |               |
| <b>For the Fiscal Period</b>            |               |               |
| Total revenues.....                     | 2,936,957     | 2,700,585     |
| Interest and dividend expense.....      | 1,669,150     | 1,734,606     |
| Revenues, net of interest expense ..... | 1,267,807     | 965,979       |
| Total non-interest expenses .....       | 1,018,893     | 828,125       |
| Income before taxes.....                | 248,914       | 137,854       |
| Net income.....                         | 190,474       | 98,217        |
| <b>At period End</b>                    |               |               |
| Total Assets .....                      | 31,791,293    | 29,537,513    |
| Total Liabilities.....                  | 30,278,401    | 28,214,563    |
| Subordinated borrowings.....            | 400,000       | 400,000       |
| Total Member's equity .....             | 1,112,892     | 922,950       |

## TAXATION

### **Certain U.S. Federal Income Tax Considerations**

*This discussion (other than “FATCA Withholding”, which applies to all Notes) applies only to Notes issued by MSUSA.*

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes. This summary does not address any aspect of the acquisition, ownership or disposition of Notes issued by MHSC or MHI. This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme (including, in particular, Credit Linked Notes that may be issued under the Programme), and the relevant Final Terms may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, investors that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Final Terms.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, the District of Columbia or any state thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

For purposes of this summary, “Non-U.S. Holder” means any beneficial owner of Notes that is not a U.S. Holder and that for U.S. federal income tax purposes is (i) a foreign corporation, (ii) a foreign partnership all of whose partners are Non-U.S. Holders, (iii) a non-resident alien individual or (iv) a foreign estate or trust all of whose beneficiaries are Non-U.S. Holders.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangement treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder, published rulings

and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

*Bearer Notes (including Exchangeable Bearer Notes while in bearer form) are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code.*

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

## **U.S. Federal Income Tax Characterisation of the Notes**

The characterisation of a Series or Tranche of Notes may be uncertain and will depend on the terms of those Notes. The determination of whether an obligation represents debt, equity, or some other instrument or interest is based on all the relevant facts and circumstances. There may be no statutory, judicial or administrative authority directly addressing the characterisation of some of the types of Notes that are anticipated to be issued under the Programme or of instruments similar to the Notes. As a consequence, it may be unclear how a Series or Tranche of Notes should be properly characterised for U.S. federal income tax purposes.

Depending on the terms of a particular Series or Tranche of Notes, the Notes may not be characterised as debt for U.S. federal income tax purposes despite the form of the Notes as debt instruments. For example, Notes of a Series or Tranche may be more properly characterised as equity or some other type of financial instrument. Further possible characterisations, if applicable, may be discussed in the relevant Final Terms.

No rulings will be sought from the U.S. Internal Revenue Service (“IRS”) regarding the characterisation of any of the Notes issued hereunder for U.S. federal income tax purposes. Each holder should consult its own tax adviser about the proper characterisation of the Notes for U.S. federal income tax purposes and consequences to the holder of acquiring, owning or disposing of the Notes.

The following summary applies to Notes that are properly treated as debt for U.S. federal income tax purposes.

## **U.S. Holders**

### ***Payments of Interest***

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a “foreign currency”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “— Original Issue Discount — General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder’s method of accounting for U.S. tax purposes, reduced by the allocable amount of amortisable bond premium, subject to the discussion below. Interest paid by the Issuer on the Notes and original issue discount (“OID”), if any, accrued with respect to the Notes (as described below under “— Original Issue Discount”) generally will constitute income from sources within the United States.

### ***Original Issue Discount***

#### ***General***

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment

debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments, the applicable Final Terms may describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a “Short-Term Note”), will be treated as issued with OID (a “Discount Note”) if the excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “instalment obligation”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of “qualified stated interest.” A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “Variable Interest Rate Notes”), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any “accrual period” a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

#### *Acquisition Premium*

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “Election to Treat All Interest as Original Issue Discount”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess

of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

#### *Short-Term Notes*

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### *Fungible Issue*

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

#### *Market Discount*

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "Market Discount Note") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the sale or retirement of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent of the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may avoid such treatment by electing to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently



may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note. Such interest is deductible when paid or incurred to the extent of income from the Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

#### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates (“Variable Interest Rate Notes”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

Under proposed U.S. Treasury regulations, Notes referencing an interbank offered rate (“IBOR”) that are treated as having a qualified floating rate for purposes of the above will not fail to be so treated merely because the terms of the Notes provide for a replacement of the IBOR in the case of a Benchmark Event. In particular, under such proposed regulations, the IBOR referencing rate and the replacement rate are treated as a single qualified rate. Taxpayers may rely on the proposed regulations until final regulations adopting these rules are published in the Federal Register. U.S. Holders should consult their tax advisers regarding the consequences to them of the potential occurrence of a Benchmark Event.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if

it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) of equal to or more than a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating

rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Final Terms.

#### *Notes Purchased at a Premium*

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortisable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to that year. Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “— Original Issue Discount — Election to Treat All Interest as Original Issue Discount”.

#### *Election to Treat All Interest as Original Issue Discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “— Original Issue Discount — General”, with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described above under “— Notes Purchased at a Premium”) or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “— Market Discount” to include market discount in income currently over the life of all debt instruments with market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

#### *Occurrence of a Benchmark Event for Notes Linked to or Referencing a Benchmark or Screen Rate*

If a Benchmark Event occurs, the tax treatment of a U.S. Holder holding Notes linked to or referencing a benchmark or screen rate, including LIBOR, EURIBOR, HIBOR, any other IBOR, SOFR and SONIA, will depend on whether a replacement of the Original Reference Rate with an alternative reference rate is treated as a “significant modification” that results in a deemed exchange of the existing Notes for “new” Notes. In general, for U.S. federal income tax purposes, a significant modification occurs if, based on all the facts and circumstances and taking into account all modifications of the debt instrument collectively, the legal rights or obligations that are altered and the degree to which they are altered are economically significant. A modification is generally any alteration, including any deletion or addition, in whole or in part, of a legal right or obligation

of the issuer or a holder of a debt instrument. The applicable Treasury regulations provide, however, that alterations that occur as a result of the operation of the terms of the debt instrument are not considered modifications for U.S. federal income tax purposes.

The terms of the Notes generally provide for replacement of the Original Reference Rate in case of a Benchmark Event. Therefore, such replacement, if any, should occur as a result of the operation of the terms of the Notes and should not result in a modification of the Notes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of the replacement of the Original Reference Rate upon occurrence of a Benchmark Event.

### ***Purchase, Sale and Retirement of Notes***

A U.S. Holder's adjusted tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's adjusted tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under “— Original Issue Discount — Market Discount” or “— Original Issue Discount — Short Term Notes” or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

### ***Substitution of Issuer***

The terms of the Notes provide that, in certain circumstances, the obligations of the Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Notes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

### ***Foreign Currency Notes***

#### ***Interest***

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *OID*

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *Market Discount*

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

#### *Bond Premium*

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

#### *Sale or Retirement*

As discussed above under “— Purchase, Sale and Retirement of Notes”, a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note, in each case as determined in U.S. dollars. U.S. Holders should

consult their own tax advisors about how to account for proceeds received on the sale or retirement of Notes that are not paid in U.S. dollars.

A U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (as adjusted for amortised bond premium, if any) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

#### *Disposition of Foreign Currency*

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

#### ***Backup Withholding and Information Reporting***

In general, payments of interest and accruals of OID on, and the proceeds of a sale or retirement of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments, including payments of OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership, sale or retirement of Notes, including requirements related to the holding of certain "specified foreign financial assets".

#### ***Reportable Transactions***

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

#### **Non-U.S. Holders**

Under current U.S. federal income tax law, and subject to the discussion of backup withholding and FATCA withholding in the following sections:

- (a) Payments of principal, OID, and interest by the Issuer or any paying agent to any holder of a Note who is a Non-U.S. Holder will not be subject to U.S. federal withholding tax, provided that, in the case of amounts treated as interest or OID with respect to Notes with a maturity of more than 183 days,
  - (i) the amount of the payment is not determined by reference to any receipts, sales or other cash flow, income or profits, change in value of any property of, or dividend or similar payment made by, the Issuer or a person related to the Issuer (a "Contingent Payment"),

- (ii) the holder does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the Issuer entitled to vote,
- (iii) the holder is not for U.S. federal income tax purposes a controlled foreign corporation related to the Issuer through stock ownership,
- (iv) the holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code, and
- (v) the holder provides the Issuer or its paying agent with a valid and properly executed IRS Form W-8.

Principal, premium and interest on a Note that are determined by reference to changes in the value of property, the yield on property, or changes in any index based on such value or yield should not be Contingent Payments if the property is traded on an exchange or inter-dealer market that satisfies the requirements necessary for the property to qualify as “actively traded property” within the meaning of Section 1092(d) of the Code.

- (b) A Non-U.S. Holder of a Note or coupon will not be subject to U.S. federal income tax on any gain or income realised upon the sale, exchange, retirement or other disposition of a Note or coupon, provided that
  - (i) in the case of Notes with a maturity of more than 183 days, the Notes do not provide for any Contingent Payments,
  - (ii) the conditions set forth in (a) above are satisfied, and
  - (iii) neither the holder, nor a partner, fiduciary, settlor or beneficiary of the holder if the holder is a partnership or an estate or trust, or a person holding a power over an estate or trust administered by a fiduciary holder, is considered as:
    - (A) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment therein;
    - (B) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof;
    - (C) being or having been for U.S. federal income tax purposes a personal holding company, a passive foreign investment company, a controlled foreign corporation or a corporation that has accumulated earnings to avoid U.S. federal income tax; or
    - (D) in the case of Notes with a maturity of more than 183 days, actually or constructively owning or having owned 10 per cent. or more of the total combined voting power of all classes of stock of the Issuer entitled to vote.

***Backup Withholding and Information Reporting***

Unless the relevant Issuer or the paying agent has actual knowledge or reason to know that the holder or beneficial owner, as the case may be, is a U.S. person (as defined in the Code), payments of principal, OID, and interest on Notes made to a Non-U.S. Holder will not be subject to backup withholding, provided the Non-U.S. Holder provides the payor with a valid and properly executed IRS Form W-8, but interest and OID paid on Notes with a maturity of more than 183 days will be reported to the IRS as required under applicable regulations.

Any amounts withheld under the backup withholding rules may be allowed as a credit against the Non-U.S. Holder’s U.S. federal income tax liability, and may entitle such holder to a refund, provided that the required information is furnished to the IRS. Non-U.S. Holders should consult their tax advisers regarding the application of information reporting and backup withholding to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

## **FATCA Withholding**

Pursuant to certain provisions of the Code, commonly known as FATCA, a withholding tax is imposed on (i) certain U.S. source payments, (ii) payments of gross proceeds from the disposition of assets that can produce U.S. source interest or dividends, and (iii) beginning two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, certain payments made by “foreign financial institutions” (“foreign passthru payments”), in each case, to persons that fail to meet certain certification, reporting, or related requirements. However, proposed regulations have been issued that eliminated FATCA withholding on payments of gross proceeds from the disposition of assets that can produce U.S. source interest. Interest (and OID) paid on Notes issued by MSUSA generally will be U.S. source payments subject to withholding under FATCA if a holder fails to provide certification of exemption from FATCA withholding. Additionally, each of MHSC and MHI is a foreign financial institution for purposes of FATCA.

A number of jurisdictions (including the United Kingdom and Japan) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes issued by MHSC or MHI, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes issued by MHSC or MHI, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued by MHSC or MHI on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the relevant Issuer). However, if additional notes (as described under “Terms and Conditions of the Notes — Further Issues”) that are not distinguishable from previously issued Notes are issued by MHSC or MHI after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such notes, including Notes issued prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to an investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## **United Kingdom**

The comments below are of a general nature based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs’ practice (which may not be binding on HM Revenue & Customs), in each case as at the latest practicable date before the date of this prospectus, and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer (notwithstanding that such substitution is permitted by the terms and conditions of the Notes) and do not address the consequences of any such substitution. As regards Notes issued by MHSC and MSUSA, the comments below assume that neither interest on such Notes nor payments in respect of the Deed of Covenant have a United Kingdom source and, in particular, that neither MHSC nor MSUSA is United Kingdom resident or acts through a permanent establishment in the United Kingdom in relation to such Notes. Any Holders of Notes who are in doubt as to their own tax position should consult their professional advisers. In particular, Holders should be aware that the tax legislation of any jurisdiction where a Holder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.



References in this part to “interest” shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

***The following comments apply only to Notes issued by MHI:***

While any Notes issued by MHI are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007 (the “Act”), payments of interest on such Notes may be made by MHI without withholding or deduction for or on account of United Kingdom income tax.

The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. Notes will be treated as listed on the Luxembourg Stock Exchange if they are both admitted to trading on the Luxembourg Stock Exchange and are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area. HM Revenue & Customs have confirmed that securities that are admitted to the Official List by the Société de la Bourse de Luxembourg and are admitted to trading on the Euro MTF satisfy the condition of being listed on the Luxembourg Stock Exchange.

Payments of interest by MHI on the Notes may also be made without withholding or deduction for or on account of United Kingdom income tax provided that MHI is and continues to be a bank within the meaning of section 991 of the Act (meaning a person who has permission under Part 4A of the FSMA) to accept deposits (subject to exceptions) and certain other categories of person) and that the interest on the Notes is paid by MHI in the ordinary course of its business within the meaning of Section 878 of the Act.

Interest on the Notes may, in addition, be paid by MHI without withholding or deduction for or on account of United Kingdom income tax under section 885 of the Act provided that MHI continues to be authorised for the purposes of the FSMA, its business continues to consist wholly or mainly of dealing in financial instruments as principal, and provided that the interest on the Notes is paid in the ordinary course of that business. Holders of Notes should seek their own independent advice on HMRC’s guidance as to the meaning of ‘ordinary course’ in both this section of the Act and that mentioned in the immediately preceding paragraph.

Finally, interest payable on any Notes with a maturity of less than one year and which are not issued with the intention, or under a scheme or arrangements the effect of which is, that such Notes part of a borrowing with a total term of a year or more, can be paid without withholding or deduction for or on account of United Kingdom income tax.

In all other cases, interest will generally be paid by MHI under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

The United Kingdom withholding tax treatment of payments by MHI under the terms of the Deed of Covenant in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by MHI may not be eligible for the exemption in respect of securities listed on a recognised stock exchange described above in relation to payments of interest by MHI. Accordingly, if MHI makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.).

***The following comments apply only to Notes issued by MHSC and MSUSA:***

Payments of interest on the Notes (or any payments in respect of the Deed of Covenant) by MHSC or MSUSA (as applicable) may be made without withholding or deduction for or on account of United Kingdom income tax.

## Japan

*The following is a general description of certain Japanese tax aspects of the Notes issued. It does not purport to be a comprehensive description of the tax aspects of the Notes. Prospective purchasers should note that, although certain general tax information on Japanese taxation is described hereunder for convenience only of investors, statements below are general in nature and not exhaustive.*

*Prospective purchasers should note that the Japanese tax treatment with respect to certain types of Notes, including but not limited to equity linked Notes, index linked Notes and Credit Linked Notes, is not clear. Accordingly the actual Japanese tax treatment of certain types of Notes may be different from the treatment described below. Prospective investors should consult their own tax advisers as to their exact tax position. Further, unless otherwise specifically noted, the statements below are based on current tax laws and regulations in Japan and current tax treaties executed by Japan all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statements in this Base Prospectus are to be regarded as advice on the tax position of any beneficial owner of the Notes or any person purchasing, selling or otherwise dealing in the Notes or any tax implication arising from the purchase, sale or other dealings in respect of the Notes.*

*MHSC will not, under the Programme, issue any Notes whose amount of interest is to be calculated by reference to certain indexes (as prescribed by the Cabinet Order under Article 6, paragraph 4 of the Act on Special Measures Concerning Taxation) relating to MHSC or a Specially-Related Party of MHSC (as defined below), which indexes include, among other things, the amount of profits or gross revenues relating to the business of, the fair market value of assets owned by, or the amount of dividends or other distributions paid by, MHSC or a Specially-Related Party of MHSC. This is because no exemption from Japanese withholding tax, as is described below, will be available for individual non-resident or non-Japanese corporation investors in relation to such Notes. Accordingly, Notes issued by MHSC referred to below should be understood not to include any such index-linked Notes.*

### **Representation by Investor upon Distribution**

The Notes issued by MHSC are not, as part of the distribution by the Dealers at any time, to be offered or sold to, or for the benefit of, any person other than a beneficial owner that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a party (a “Specially-Related Party of MHSC”) having a “special relationship” with MHSC (that is, in general terms, a party who directly or indirectly controls or is directly or indirectly controlled by, or is under direct or indirect common control with, MHSC) as defined in Article 6, paragraph 4 of the Act on Special Measures Concerning Taxation, or (ii) a Japanese financial institution, designated in Article 3-2-2, paragraph 29 of the Cabinet Order No. 43 of 1957 (as amended) (the “Cabinet Order”) relating to the Act on Special Measures Concerning Taxation (a “Designated Financial Institution”), except as specifically permitted under the Act on Special Measures Concerning Taxation. **BY SUBSCRIBING TO NOTES TO BE ISSUED BY MHSC, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS A PERSON WHO FALLS INTO THE CATEGORY OF (i) OR (ii) ABOVE.**

### **Capital Gains, Inheritance and Gift Taxes, Stamp Tax and Other Similar Taxes**

Gains derived from sales of Notes by Noteholders who are individual non-residents of Japan or non-Japanese corporations having no permanent establishment in Japan are, in general, not subject to Japanese income tax or corporate tax. No stamp, issue, registration or similar taxes or duties will, under current Japanese law, be payable in Japan by such Noteholders in connection with the issue of the Notes, nor will such taxes be payable by the Noteholders in connection with their transfer of the Notes if such transfer takes place outside Japan.

Japanese inheritance tax or gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired Notes issued by MHSC as legatee, heir or donee from an individual. A non-resident of Japan

who has acquired Notes issued by MHI or MSUSA by inheritance, bequest or gift is in general not subject to Japanese inheritance tax or gift tax unless such individual non-resident (a) is a Japanese national and either such individual or the deceased or the donor, from whom such individual acquired such Notes issued by MHI or MSUSA by inheritance, bequest or gift, resided in Japan at any time during the ten-year period preceding the commencement of inheritance, the time of the bequest or the time of the gift, as the case may be, or (b) is not a Japanese national and the deceased or the donor, from whom such individual acquired such Notes issued by MHI or MSUSA by inheritance, bequest or gift, resided in Japan at any time during the ten-year period preceding the commencement of inheritance, the time of the bequest or the time of the gift, as the case may be, subject to certain limited exceptions.

### ***Interest with respect to Notes issued by MHI or MSUSA***

Under Japanese tax laws currently in effect, the payment of interest in respect of the Notes issued by MHI or MSUSA, which has no permanent establishment within Japan, to an individual non-resident of Japan or non-Japanese corporation (within the meaning given by Japanese tax laws) in accordance with the Terms and Conditions of the Notes will not be subject to any Japanese income tax by way of withholding. Such payment will not be subject to any Japanese income tax or corporate tax payable otherwise than by withholding unless such individual non-resident of Japan or non-Japanese corporation has a permanent establishment in Japan and the payment of interest is attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on in Japan through such permanent establishment.

### ***Interest and Redemption Gain or Redemption Loss with respect to Notes issued by MHSC (the “MHSC Notes”)***

*The following description of Japanese taxation (limited to national taxes) applies exclusively to interest of the interest-bearing Notes issued by MHSC (the “interest-bearing MHSC Notes”) and any positive or negative difference between the acquisition price of the interest-bearing MHSC Notes and the amount which the holder receives upon redemption of the interest-bearing MHSC Notes (“Redemption Gain” or “Redemption Loss”, as the case may be), where such interest-bearing MHSC Notes are issued outside Japan and payable outside Japan. The following description does not purport to address either the Japanese tax treatment of original issue discount of the MHSC Notes when such MHSC Notes are issued at discount without bearing any interest or the Japanese tax treatment of any definitive notes and coupons which are independently and separately traded from each other. In addition, the following description assumes that only global notes are issued for the notes, and no definitive notes and coupons that are independently traded are issued, in which case different tax consequences may apply. Further, it is not intended to be exhaustive and Holders of MHSC Notes and prospective investors are recommended to consult their tax advisers as to their own exact tax position, including any tax consequences resulting from any Redemption Loss on Notes owned by such purchasers.*

## **1 Non-resident Investors**

If the recipient of interest on the interest-bearing MHSC Notes or of a Redemption Gain with respect to interest-bearing MHSC Notes is an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purposes, as described below, the Japanese tax consequences on such individual non-resident of Japan or non-Japanese corporation are significantly different depending upon whether such individual non-resident of Japan or non-Japanese corporation is a “Specially-Related Party of MHSC”. Most importantly, if the recipient of interest is a Specially-Related Party of MHSC, income tax at the rate of 15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) of the amount of such interest will be withheld by MHSC under Japanese tax law.

### **1.1 Interest**

- (1) If the recipient of interest on the interest-bearing MHSC Notes is an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan or having

a permanent establishment within Japan but where the receipt of the interest on the interest-bearing MHSC Notes is not attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan by the recipient through such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding or otherwise, if certain requirements are complied with, *inter alia*:

- (i) if the relevant interest-bearing MHSC Notes or Coupons relating thereto are held through a certain participant in an international clearing organisation such as Euroclear and Clearstream, Luxembourg or a certain financial intermediary prescribed by the Act on Special Measures Concerning Taxation and the Cabinet Order; together with the Act on Special Measures Concerning Taxation and the ministerial ordinance and other regulations thereunder, (the “Law”) (each, a “Participant”), the requirement that such recipient provide, at the time of entrusting a Participant with the custody of the relevant interest-bearing MHSC Notes, certain information prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted (*Rishi Juryosha Joho*) (the “Interest Recipient Information”), and advise the Participant if such individual non-resident of Japan or non-Japanese corporation ceases to be so exempted (including the case where it became a Specially-Related Party of MHSC), and that MHSC prepare and file a certain confirmation prescribed by the Law (*Rishi Juryosha Kakuninsho*) (an “Interest Recipient Confirmation”) with the competent local tax office in a timely manner based upon the Interest Recipient Information communicated through the Participant and the relevant international clearing organisation; and
- (ii) if the relevant interest-bearing MHSC Notes or Coupons relating thereto are not held by a Participant, the requirement that such recipient submit to the relevant Paying Agent a written application for tax exemption (*Hikazei Tekiyo Shinkokusho*) (the “Written Application for Tax Exemption”), together with certain documentary evidence, and that MHSC file the Written Application for Tax Exemption so received with the competent local tax office in a timely manner.

Failure to comply with such requirements described above will result in the withholding by MHSC of income tax at the rate of 15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) of the amount of such interest.

- (2) If the recipient of interest on the interest-bearing MHSC Notes is an individual non-resident of Japan or a non-Japanese corporation having a permanent establishment within Japan and the receipt of interest is attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, such interest will not be subject to a 15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) withholding tax by MHSC, if the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as set out in paragraph 1.1(1) above are complied with. Failure to do so will result in the withholding by MHSC of income tax at the rate of 15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) of the amount of such interest. The amount of such interest will be subject to income tax or corporate tax, as appropriate.
- (3) Notwithstanding paragraphs 1.1(1) and (2) above, if an individual non-resident of Japan or a non-Japanese corporation mentioned above is a Specially-Related Party of MHSC as of the beginning

of the fiscal year of MHSC in which the relevant Interest Payment Date falls, the exemption from Japanese withholding tax on interest mentioned above will not apply, and income tax at the rate of 15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) of the amount of such interest will be withheld by MHSC. If such individual non-resident of Japan or non-Japanese corporation has a permanent establishment within Japan, regular income tax or corporate tax, as appropriate, collected otherwise than by way of withholding, could apply to such interest under Japanese tax law.

- (4) If an individual non-resident of Japan or a non-Japanese corporation (regardless of whether or not it is a Specially-Related Party of MHSC) is subject to Japanese withholding tax with respect to interest on the interest-bearing MHSC Notes under Japanese tax law, a reduced rate of withholding tax or exemption from such withholding tax may be available under the relevant income tax treaty between Japan and the country of tax residence of such individual non-resident of Japan or non-Japanese corporation. Japan has income tax treaties, conventions or agreements whereby the above-mentioned withholding tax rate is reduced, generally to 10 per cent. with, inter alia, Australia, Canada, Finland, France, Hong Kong, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Qatar, Singapore, Spain and Switzerland. Under the income tax treaties between Japan and Australia, France, the Netherlands, New Zealand, Qatar and Switzerland, certain limited categories of qualified Australian, French, Dutch, New Zealand, Qatari or Swiss residents receiving interest from a Japanese source may, subject to compliance with certain procedural requirements under Japanese law, be fully exempt from Japanese withholding tax for interest on the interest-bearing MHSC Notes (provided that no exemption will apply to pension funds in the case of Australia and New Zealand). Under the income tax treaties executed by Japan with, inter alia, Austria, Belgium, Denmark, Germany, Iceland, Russia, Sweden, the United Kingdom and the United States of America respectively, residents in these countries receiving interest from a Japanese source may, subject to certain exceptions, be fully exempt from Japanese withholding tax for interest on the interest-bearing MHSC Notes (for Belgium, only for a Belgian enterprise). Japan has signed a protocol by which the current tax treaty with Spain is to be amended, inter alia, to the effect that interest paid to qualified Spanish residents may, subject to certain exceptions, be exempt from Japanese withholding tax. However, this amending protocol has not entered into force yet. It is not certain, at present, when that amendment will enter into force. In order to avail themselves of the aforementioned reduced rate of, or exemption from, Japanese withholding tax, if any, under any applicable income tax treaty, individual non-residents of Japan or non-Japanese corporations which are entitled, under any applicable income tax treaty, to a reduced rate of, or exemption from, Japanese withholding tax on payment of interest by MHSC are required to submit an Application Form for Income Tax Convention regarding Relief from Japanese Income Tax on Interest (as well as any other required forms and documents) in advance through MHSC to the relevant tax authority before payment of interest. Separately from the foregoing, with respect to Taiwanese residents, even if a Taiwanese resident (regardless of whether or not it is a Specially-Related Party of MHSC) is subject to Japanese withholding tax with respect to interest on the interest-bearing MHSC Notes under the other Japanese tax laws, Japan has enacted, effective as of 1 January 2017, a special law whereby such withholding tax rate may be reduced, generally to 10 per cent, for Taiwanese residents (either individuals or corporations), on a reciprocal basis, subject to substantially the same procedural filing requirements as are applied to residents of countries with which Japan has the said tax treaties.
- (5) Under the Law, (a) if an individual non-resident of Japan or a non-Japanese corporation that is a beneficial owner of the interest-bearing MHSC Notes becomes a Specially-Related Party of MHSC, or an individual non-resident of Japan or a non-Japanese corporation that is a Specially-

Related Party of MHSC becomes a beneficial owner of the interest-bearing MHSC Notes, and (b) if such interest-bearing MHSC Notes are held through a Participant, then such individual non-resident of Japan or non-Japanese corporation is obligated to notify the Participant of such change in status by the immediately following Interest Payment Date of the interest-bearing MHSC Notes. As described in paragraph 1.1(3) above, as the status of such individual non-resident of Japan or non-Japanese corporation as a Specially-Related Party of MHSC for Japanese withholding tax purposes is determined based on the status as of the beginning of the fiscal year of MHSC in which the relevant Interest Payment Date falls, such individual non-resident of Japan or non-Japanese corporation should, by such notification, identify and advise the Participant of the specific Interest Payment Date on which Japanese withholding tax starts to apply with respect to such individual non-resident of Japan or non-Japanese corporation as being a Specially-Related Party of MHSC.

## **1.2 Redemption Gain or Redemption Loss**

- (1) If the recipient of a Redemption Gain with respect to interest-bearing MHSC Notes is an individual non-resident of Japan or a non-Japanese corporation having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of such Redemption Gain is not attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan by such individual non-resident or non-Japanese corporation through such permanent establishment, no income tax or corporate tax is payable with respect to such Redemption Gain. If there is any Redemption Loss, such Redemption Loss will be disregarded for purposes of regular income tax or corporate tax, as appropriate, of the recipient.
- (2) If the recipient of a Redemption Gain with respect to interest-bearing MHSC Notes is an individual non-resident of Japan or a non-Japanese corporation having a permanent establishment within Japan and the receipt of such Redemption Gain is attributable to the business of such individual non-resident of Japan or non-Japanese corporation carried on within Japan through such permanent establishment, such Redemption Gain will not be subject to any withholding tax but will be subject to regular income tax or corporate tax, as appropriate. If there is any Redemption Loss, such Redemption Loss may be taken into account in computing the net taxable income, if any, for purposes of regular income tax or corporate tax, as appropriate, of recipient.
- (3) Notwithstanding paragraphs 1.2(1) and (2) above, if an individual non-resident of Japan or a non-Japanese corporation mentioned above is a Specially-Related Party of MHSC as of the beginning of the fiscal year of MHSC in which such individual non-resident of Japan or non-Japanese corporation acquired such interest-bearing MHSC Notes, a Redemption Gain will not be subject to withholding tax but will be subject to regular income tax or corporate tax, as appropriate, under Japanese tax law, regardless of whether or not such individual non-resident of Japan or non-Japanese corporation has a permanent establishment within Japan; provided, however, that exemption may be available under the relevant income tax treaty. If there is any Redemption Loss, such Redemption Loss may be taken into account in computing the net taxable income, if any, for purposes of regular income tax or corporate tax, as appropriate, of the recipient.

## **2 Resident Investors**

If the recipient of interest on interest-bearing MHSC Notes is an individual resident of Japan or a Japanese corporation for Japanese tax purposes, as described below, regardless of whether such recipient is a Specially-Related Party of MHSC, in addition to any applicable local tax, income tax will be withheld at the rate of 15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) of the amount of such interest, if such interest is paid to an individual resident of Japan or

a Japanese corporation (except for a Designated Financial Institution (as defined below) which complies with the requirement for tax exemption under Article 6, paragraph 9 of the Act on Special Measures Concerning Taxation, or a Public Corporation (as defined below) or a Specified Financial Institution (as defined below) to which such interest is paid through a Japanese Custodian (as defined below) in compliance with the requirement for tax exemption under Article 3-3, paragraph 6 of the Act on Special Measures Concerning Taxation).

## 2.1 Interest

- (1) If a resident of Japan or a Japanese corporation (other than a Public Corporation or a Specified Financial Institution who complies with the requirement as referred to in paragraph 2.1(2) below) receives payments of interest on the interest-bearing MHSC Notes through a Japanese Payment Handling Agent, income tax at the rate of 15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) of the amount of such interest will be withheld by the Japanese Payment Handling Agent rather than by MHSC. As MHSC is not in a position to know in advance the recipient's status, the recipient of interest falling within this category should inform MHSC through a Paying Agent of its status in a timely manner. Failure to so inform may result in double withholding. In addition, interest on the interest-bearing MHSC Notes received by an individual Noteholder who is an individual resident of Japan through a Japanese Payment Handling Agent will be subject to 15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) separate net basis taxation in Japan by filing a separate tax return, and if any withholding tax stated above is to be withheld by the Japanese Payment Handling Agent, the amount of such withholding tax would be credited to Japanese individual income tax upon filing of such separate tax return; provided, however, that an individual Noteholder being an individual resident of Japan may choose not to include the interest on each of the interest-bearing MHSC Notes to be paid each time in his or her tax return, in which case the above-stated withholding tax would be the final Japanese tax for such individual Noteholder being an individual resident of Japan. On the other hand, in the case of other recipients who are Japanese corporations referred to in the beginning of this paragraph, the amount of interest received by any such recipient will be included in such recipient's other taxable income and subject to regular corporate tax.
- (2) If the recipient of interest on the interest-bearing MHSC Notes is a Japanese public corporation or a Japanese public-interest corporation designated by the relevant law (a "Public Corporation") or a Japanese bank, a Japanese insurance company, a Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by the relevant Cabinet Order under Article 3-3, paragraph 6 of the Act on Special Measures Concerning Taxation (each, a "Specified Financial Institution") that keeps its interest-bearing MHSC Notes deposited with, and receives the interest through, a Japanese Payment Handling Agent with custody of the interest-bearing MHSC Notes (the "Japanese Custodian") and such recipient submits through such Japanese Custodian to the competent tax authority the report prescribed by the Act, no income tax is levied, by way of withholding or otherwise, on the full amount of such interest on the interest-bearing MHSC Notes, but if the recipient is a Specified Financial Institution or a Public Corporation where such Public Corporation falls under the category of public interest corporations as designated by the Corporation Tax Act which derives the interest with respect to the interest-bearing MHSC Notes from its profit-earning business as such term is more fully defined in the Corporation Tax Act and the relevant Cabinet Order, the recipient will be subject to regular corporate tax with respect to such interest. However, since MHSC is not in a position to know in advance the recipient's tax exemption status, the recipient of interest falling within this category should inform MHSC through a Paying Agent of its status in a timely manner. Failure to so notify MHSC may result in the withholding by MHSC of a 15.315 per cent. (or 15

per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) income tax.

- (3) If an individual resident of Japan or a Japanese corporation (except for a Designated Financial Institution which complies with the requirements described in paragraph 2.1(4) below) receives interest on the interest-bearing MHSC Notes not through a Japanese Payment Handling Agent, income tax at the rate of 15.315 per cent. (or 15 per cent. for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) of the amount of such interest will be withheld by MHSC, and the amount of such interest generally will be subject to income tax or corporate tax, as appropriate.
- (4) If a Japanese bank, Japanese insurance company, Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by the relevant Cabinet Order under Article 6, paragraph 9 of the Act on Special Measures Concerning Taxation (each, a “Designated Financial Institution”) receives interest on the interest-bearing MHSC Notes not through a Japanese Payment Handling Agent and the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as referred to in paragraph 1.1(1) above are complied with, no income tax will be imposed, either by way of withholding or otherwise, but the recipient will be subject to regular corporate tax with respect to such interest.

## **2.2 Redemption Gain**

If the recipient of a Redemption Gain with respect to interest-bearing MHSC Notes is an individual resident of Japan or a Japanese corporation, such Redemption Gain will not be subject to any withholding tax. In addition, if the recipient of a Redemption Gain with respect to interest-bearing MHSC Notes is an individual resident of Japan, such Redemption Gain will be subject to 15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038; please also see paragraph 3 below) separate net basis taxation in Japan by filing a separate tax return. On the other hand, if the recipient of a Redemption Gain with respect to interest-bearing MHSC Notes is a Japanese corporation except for a Public Corporation (other than the case where such Public Corporation falls under the category of public interest corporations as designated by the Corporation Tax Act which derives a Redemption Gain with respect to the interest-bearing MHSC Notes from its profit-earning business as such term is more fully defined in the Corporation Tax Act and the relevant Cabinet Order), such Redemption Gain will be included in the recipient’s other taxable income and subject to regular corporate tax.

## **3 Special Additional Withholding Tax for Reconstruction from the Earthquake**

Where there is a reference to the withholding tax rate of 15.315 per cent. in the foregoing descriptions, for withholding tax due and payable during the period beginning on 1 January 2013 and ending on 31 December 2037, the 15.315 per cent. is the total of the income tax withholding rate of 15 per cent. and 0.315 per cent. (or 2.1 per cent. of 15 per cent.) which is a special withholding tax imposed to secure funds for reconstruction from the earthquake of 11 March 2011.



## **CERTAIN ERISA CONSIDERATIONS**

The U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) imposes fiduciary standards and certain other requirements on employee benefit plans subject thereto, including collective investment funds, separate accounts, and other entities or accounts whose underlying assets are treated as assets of such plans pursuant to the U.S. Department of Labor “plan assets” regulation, 29 CFR Section 2510.3-101, as modified by Section 3(42) of ERISA (collectively, “ERISA Plans”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the Plan. The prudence of a particular investment will be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed herein and the fact that in the future there may be no market in which the fiduciary will be able to sell or otherwise dispose of the Notes.

In addition, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code (together with ERISA Plans, “Plans”)) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such Plans, unless a statutory or administrative exemption applies to the transaction. In particular, a sale or exchange of property or an extension of credit between a Plan and a “party in interest” or “disqualified person” may constitute a prohibited transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes or other liabilities under ERISA and the Code.

We, directly or through our affiliates, may be considered a party in interest or disqualified person with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if the Notes are acquired by a Plan with respect to which the Issuer or an affiliate is a party in interest or a disqualified person, unless the Notes are acquired pursuant to and in accordance with an applicable exemption. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may apply depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which that decision is made. Included among these exemptions are Prohibited Transaction Class Exemption (“PTCE”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a “qualified professional asset manager”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts) and PTCE 96-23 (relating to transactions determined by an in-house asset manager). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction, and provided further that the Plan pays no more than “adequate consideration” (within the meaning of ERISA Section 408(b)(17) and Section 4975(f)(10) of the Code) in connection with the transaction (the “service provider exemption”). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

BY ITS PURCHASE AND HOLDING OF A NOTE, EACH PURCHASER AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (A) EITHER (i) IT IS NOT AN EMPLOYEE BENEFIT PLAN AS DESCRIBED IN SECTION 3(3) OF ERISA AND SUBJECT TO TITLE I OF ERISA, OR A PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR A GOVERNMENTAL PLAN OR CHURCH PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR AN ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN OR (ii)

ITS PURCHASE AND HOLDING OF A NOTE WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR PROVISIONS OF ANY FEDERAL, STATE OR LOCAL LAW AND (B) NEITHER THE ISSUER NOR ANY OF ITS AFFILIATES IS A “FIDUCIARY” (WITHIN THE MEANING OF ERISA SECTION 3(21) OR, WITH RESPECT TO A GOVERNMENTAL PLAN OR CHURCH PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, ANY SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH SUCH PERSON’S PURCHASE OR HOLDING OF THE NOTES, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THE NOTES, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF SUCH PURCHASER OR HOLDER IN CONNECTION WITH THE NOTES AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THE NOTES.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing Notes.

Any Plan fiduciary that proposes to cause a Plan to purchase Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA or the Code.

The sale of Notes to a Plan is in no respect a representation by the Issuer that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 15 January 2021 (as may be supplemented and/or amended from time to time, the “Dealer Agreement”) between the Issuers and Mizuho International plc and MSUSA, as Dealers, the Notes will be offered on a continuous basis by the Issuers to MHI, MSUSA and/or such Dealer(s) (each a “Dealer”) as may be appointed from time to time in respect of any Series pursuant to the Dealer Agreement.

Each Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of Notes by it. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

### Selling Restrictions

#### *United States*

The Notes 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the “Code”) and regulations thereunder. The applicable Final Terms of Bearer Notes will identify whether the TEFRA C Rules or the TEFRA D Rules apply to the issuance, or whether TEFRA is not applicable.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it has not offered or sold and will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of all Notes in any identifiable Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor, dealer and person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Registered Notes that are issued by MSUSA within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States or to, or for the account or benefit of, U.S. persons 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 (i) in accordance with Rule 144A and (ii) with respect to Registered Notes issued by MSUSA.

In respect of each issue of Notes by MHSC or MHI where the underlying shares are equity securities of one or more U.S. domestic issuers (within the meaning of Regulation S) or there is substantial U.S. market interest (as defined in Regulation S) in such equity securities constituting the underlying shares, such Notes and the equity securities constituting the underlying shares may not at any time be offered, sold or delivered within the United

States or to, or for the account or benefit of, any U.S. person. Each Dealer has represented and agreed that it will not at any time offer, sell or deliver such Notes (i) as part of their distribution or (ii) otherwise within the United States or to, or for the account or benefit of any U.S. person and it will have sent to each Dealer to which it sells such Notes a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

This Base Prospectus has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States and, in the case of Notes issued by MSUSA, for the offer and resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Base Prospectus by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

### ***European Economic Area***

Subject as provided below in relation to the PRIIPs Regulation, in relation to each Member State of the European Economic Area (each, a “Member State”), each Dealer has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

Provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Provided that, where any Notes fall within the definition of “Packaged retail and insurance-based Investment Products” under the PRIIPs Regulation, each Dealer for such Notes will instead represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available such Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### ***United Kingdom***

Subject as provided below in relation to Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”), each Dealer has represented and agreed, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “Public Offer”), following the date of publication of a prospectus in relation to those Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by the final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the relevant Issuer has consented in writing to its use for the purpose of that Public Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Provided that, where any Notes fall within the definition of “Packaged retail and insurance-based Investment Products” under the UK PRIIPs Regulation, each Dealer for such Notes will instead represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression retail investor means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

*Other regulatory restrictions*

Each Dealer has represented and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

***Japan***

*The following paragraph applies only in respect of Notes issued by MHI or MSUSA:*

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (as amended) (the “Financial Instruments and Exchange Act”). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

*The following paragraph applies only in respect of Notes issued by MHSC (“MHSC Notes”):*

The MHSC Notes have not been and will not be registered under the Financial Instruments and Exchange Act and will be subject to the Act on Special Measures Concerning Taxation of Japan (Law No. 26 of 1957) (as amended) (the “Act on Special Measures Concerning Taxation”). Accordingly, each Dealer has represented and agreed that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any MHSC Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used in this item (i) means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan; and (ii) it has not offered or sold and will not, as part of its distribution at any time, offer or sell the MHSC Notes to, or for the benefit of, any person other than a beneficial owner that is (a) for Japanese tax purposes, not any one of (x) an individual resident of Japan, (y) a Japanese corporation, and (z) an individual non-resident of Japan or a non-Japanese corporation that is a party having a special relationship with MHSC as provided for in Article 3-2-2, paragraph 5 of the Cabinet Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, as amended; the “Cabinet Order”) or (b) a Japanese financial institution designated in Article 3-2-2, paragraph 29 of the Cabinet Order, except as specifically permitted under the Act on Special Measures Concerning Taxation.

### ***Singapore***

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;

- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

**Singapore SFA Product Classification:** In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the relevant Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that (i) Notes which are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products); and (ii) all other Notes are not ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and are Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

### ***General***

These selling restrictions may be modified by the agreement of each Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuers nor any other Dealer shall have responsibility therefor.



## CLEARANCE AND SETTLEMENT

### Book-Entry Ownership

#### *Bearer Notes*

An Issuer (other than MSUSA) may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons may, in the case of CGN, be deposited with a common depository for Euroclear and Clearstream, Luxembourg or an Alternative Clearing System as agreed between the relevant Issuer and the Dealer or, in the case of NGN, be delivered to a common safekeeper for Euroclear and Clearstream, Luxembourg. Transfers of interests in such Temporary Global Notes or Permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System. *MSUSA will not issue Bearer Notes.*

#### *Registered Notes*

An Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by an Unrestricted Global Certificate. Each Unrestricted Global Certificate will be deposited with a common depository or, in the case of Notes held under the NSS, a common safekeeper for, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg.

MSUSA, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under “Transfer Restrictions”. In certain circumstances, as described below in “Transfers of Registered Notes”, transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian, with whom the Restricted Global Certificates are deposited, and DTC, will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC’s nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Certificate. MSUSA expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. MSUSA also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither MSUSA nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, ownership interests in any Restricted Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate (either, in the case of Registered Notes issued by MSUSA, a Temporary Unrestricted Global Certificate or, in the case of Registered

Notes issued by MHSC or MHI, a Permanent Unrestricted Global Certificate) and/or, in the case of Registered Notes issued by MSUSA, a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Final Terms, and, in the case of Notes initially represented by a Restricted Global Certificate, in minimum amounts of U.S.\$100,000 (or its equivalent rounded upwards as agreed between MSUSA and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

### ***Payments through DTC***

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Exchange Agent, if applicable, in such currency in accordance with the following provisions. The amounts in such currency payable by the Exchange Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from MSUSA by the Exchange Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, on or prior to the time required by DTC prior to the Record Date for the relevant payment to receive that payment in such currency. The Exchange Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to the Registrar for payment to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Issuing and Paying Agency Agreement sets out the manner in which such conversions are to be made.

### ***Transfers of Registered Notes***

Transfers of interests in Global Certificates within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may only be held through Euroclear or Clearstream, Luxembourg. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate representing Notes issued by MSUSA to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the distribution compliance period (as used in "Subscription and Sale") relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Unrestricted Global Certificate to the relevant Issuing and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes

delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under “Transfer Restrictions”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the relevant Issuing and Paying Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3) (or two business days after the trade date (T+2), in the case of Euroclear and Clearstream). The Final Terms will specify the issue date for each series. The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Certificates will be effected through the relevant Issuing and Paying Agent, the Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the relevant Issuing and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “Transfer Restrictions”.

DTC has advised MSUSA that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for Individual Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised MSUSA as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuers, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by Individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, Luxembourg or DTC.

### ***Individual Certificates***

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in “Summary of Provisions Relating to the Notes while in Global Form—Exchange—Global Certificates—Restricted Global Certificates” or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in “Summary of Provisions Relating to the Notes while in Global Form—Exchange—Global Certificates—Unrestricted Global Certificates”. In such circumstances, the relevant Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuers and the Registrar may require to complete, execute and deliver such Individual Certificates; and
- (ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

### ***Pre-issue Trades Settlement***

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within three business days (“T+3”), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes issued by MSUSA in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

## TRANSFER RESTRICTIONS

### Restricted Notes

Each purchaser of Restricted Notes, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, and (c) aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A.
2. (i) The Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes.
3. The Restricted Notes, unless MSUSA determines otherwise in accordance with applicable law, will bear a legend (the "Rule 144A Legend") in or substantially in the following form:

THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED (THE "NOTES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB") THAT IS ACQUIRING THE NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT ("RULE 144"), IF AVAILABLE, OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE NOTES.

4. It understands that MSUSA, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
5. It understands that the Restricted Notes will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be

required to provide a Transfer Agent with a written certification (in the form provided in the Issuing and Paying Agency Agreement) as to compliance with applicable securities laws.

6. Either (i) it is not an employee benefit plan as described in Section 3(3) of ERISA and subject to Title I of ERISA, or a plan subject to Section 4975 of the Code, or a governmental plan or church plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or an entity whose assets are treated as assets of any such plan or (ii) its purchase and holding of a Note will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or any substantially similar provisions of any federal, state or local law. Neither MSUSA nor any of its affiliates is a “fiduciary” (within the meaning of ERISA Section 3(21) or, with respect to a governmental plan or church plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, any similar laws) with respect to the purchaser or holder in connection with such person’s purchase or holding of the Notes, or as a result of any exercise by MSUSA or any of its affiliates of any rights in connection with the Notes, and no advice provided by MSUSA or any of its affiliates has formed a primary basis for any investment decision by or on behalf of such purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes.

**Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

### **Unrestricted Notes**

Each purchaser of Unrestricted Notes and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of any Issuer or a person acting on behalf of such an affiliate.
- (ii) It understands that such Unrestricted Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except (a) with respect to Notes issued by MSUSA, in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account, or for the account of one or more QIBs or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (iii) It understands that the Unrestricted Notes, unless otherwise determined by the relevant Issuer in accordance with applicable law, will bear a legend in or substantially in the following form:

“THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED (THE “NOTES”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.”
- (iv) It understands that each Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

- (v) It understands that the Unrestricted Notes will be represented by an Unrestricted Global Certificate, or, as the case may be, a Global Note. Prior to the expiration of the distribution compliance period, before any interest in an Unrestricted Global Certificate representing Notes issued by MSUSA may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Issuing and Paying Agency Agreement) as to compliance with applicable securities laws.
- (vi) With respect to Notes issued by MSUSA: delivery of the Notes may be made against payment therefor on or about a date which will occur more than three business days after the date of pricing of the Notes which date may be specified in the Final Terms. Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes may initially settle on or about a date which will occur more than three business days after the date of pricing of the Notes to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next succeeding business day should consult their own advisor.
- (vii) Either (i) it is not an employee benefit plan as described in Section 3(3) of ERISA and subject to Title I of ERISA, or a plan subject to Section 4975 of the Code, or a governmental plan or church plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or an entity whose assets are treated as assets of any such plan or (ii) its purchase and holding of a Note will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or any substantially similar provisions of any federal, state or local law. Neither MSUSA nor any of its affiliates is a “fiduciary” (within the meaning of ERISA Section 3(21) or, with respect to a governmental plan or church plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, any similar laws) with respect to the purchaser or holder in connection with such person’s purchase or holding of the Notes, or as a result of any exercise by MSUSA or any of its affiliates of any rights in connection with the Notes, and no advice provided by MSUSA or any of its affiliates has formed a primary basis for any investment decision by or on behalf of such purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes.

### **Provisions Relating to Notes Linked to US Domestic Equities Issued by MHSC and MHI**

In respect of Notes linked to US domestic equities issued by MHSC and MHI where the underlying shares are equity securities of one or more U.S. domestic issuers (within the meaning of Regulation S) or there is substantial U.S. market interest (as defined in Regulation S) in the underlying shares, each purchaser of such Notes and each subsequent holder of such Notes at any time, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time such Notes are purchased will be, the beneficial owner of such Notes and it is not a U.S. person (within the meaning of Regulation S) and it is located outside the United States (within the meaning of Regulation S) and it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;
2. Such Notes have not been and will not be registered under the Securities Act and that it will not at any time offer, sell, pledge or otherwise transfer such Notes and the underlying shares except to a person that is not a U.S. person (within the meaning of Regulation S) and is located outside the United States (within the meaning of Regulation S) in accordance with Rule 903 or Rule 904 of Regulation S;

3. The underlying shares may not be delivered to or for the account or benefit of a U.S. person or to an account held within the United States;
4. It will not, directly or indirectly, engage in any hedging transaction with regard to such Notes or the underlying shares except as permitted by the Securities Act;
5. Any purported transfer of such Notes that does not comply with the foregoing requirements shall be null and void ab initio;
6. Each holder of such Notes agrees that it will furnish to the Issuer such certifications, legal opinions or other information as may be required to confirm that a transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and
7. The Issuer, the agents, the Dealers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

For reference “substantial U.S. market interest” is defined under Regulation S to mean with respect to a class of equity securities that (i) the securities exchanges and inter-dealer quotation systems in the United States in the aggregate constituted the single largest market for such class of securities in the shorter of the issuer's prior fiscal year or the period since the issuer's incorporation; or (ii) 20 per cent. or more of all trading in such class of securities took place in, on or through the facilities of securities exchanges and inter-dealer quotation systems in the United States and less than 55 per cent. of such trading took place in, on or through the facilities of securities markets of a single foreign country in the shorter of the issuer's prior fiscal year or the period since the issuer's incorporation.



## AMENDED AND RESTATED KEEP WELL AGREEMENT

**THIS AGREEMENT** is made on the 15th day of January 2021.

### **BETWEEN:**

- (1) **MIZUHO FINANCIAL GROUP, INC.**, a company incorporated in Japan and having its registered office at 5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8176, Japan (“**MHFG**”);
- (2) **MIZUHO BANK, LTD.**, a company incorporated in Japan and having its registered office at 5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8176, Japan (“**MHBK**”);
- (3) **MIZUHO SECURITIES CO., LTD.**, a company incorporated in Japan and having its registered office at 5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan (“**MHSC**”);
- (4) **MIZUHO INTERNATIONAL PLC**, a company incorporated under the laws of England and having its registered office at Mizuho House, 30 Old Bailey, London EC4M 7AU, United Kingdom (“**MHI**”); and
- (5) **MIZUHO SECURITIES USA LLC**, a company incorporated under the laws of the State of Delaware and having its principal office at 320 Park Avenue, 12th floor, New York, NY 10022 (“**MSUSA**”).

### **WHEREAS:**

- A. MHSC, MHI and MSUSA have in place a programme for the issuance of medium term notes from time to time up to an aggregate amount outstanding at any time of U.S.\$14,000,000,000 (or its equivalent in other currencies) (the “**Authorised Amount**”), which programme is a continuation of the euro medium term note programme originally established by MHI in 1996 (collectively, the “**Programme**”).
- B. In connection with the Programme, MHFG, MHBK, MHSC, MHI and MSUSA entered into a keep well agreement which was last amended and restated on 19 January 2018 (the “**2018 Keep Well Agreement**”), in which MHFG and MHBK provided certain covenants to MHSC, MHI and MSUSA for the benefit of holders of notes issued under the Programme.
- C. The parties wish to decrease the Authorised Amount to U.S.\$13,000,000,000. In connection with such decrease, the parties wish to enter into this agreement (this “**Agreement**”) to amend and restate the 2018 Keep Well Agreement (and thereby replace all prior keep well agreements relating to notes issued under the Programme), having concluded that such amendments do not have an adverse effect upon any bearer or registered holder of notes issued under the Programme.

**NOW IT IS HEREBY AGREED** that with effect from 15 January 2021 this Agreement shall amend and restate all prior keep well agreements relating to notes issued under the Programme and **IT IS HEREBY FURTHER AGREED** as follows:

- 1 MHFG and MHBK hereby jointly and severally covenant and agree that:
  - (a) either MHFG or MHBK, or both collectively, shall own directly or indirectly, (i) the majority of the voting share capital of MHI, so long as any notes issued by MHI (“**MHI Notes**”) under the Programme are outstanding; (ii) the majority of the voting share capital of MSUSA, so long as any notes issued by MSUSA (“**MSUSA Notes**”) under the Programme are outstanding; and (iii) the majority of the voting share capital of MHSC, so long as any notes issued by Old MHSC (“**Old MHSC Notes**”) or by MHSC (“**MHSC Notes**”) under the Programme are outstanding; and
  - (b) neither MHFG nor MHBK shall pledge or grant any security interest in, or otherwise encumber any of the share capital of MHI, MSUSA and/or MHSC.

For the purposes of the above, “**Old MHSC**” shall mean the entity until then known as Mizuho Securities Co., Ltd., which was merged into MHSC on 7 May 2009.

- 2 If MHI, MSUSA or MHSC determines at any time that it will not have sufficient cash or other liquid assets to meet its payment obligations under any MHI Notes, any MSUSA Notes, any Old MHSC Notes and/or any MHSC Notes, as the case may be, or in relation to any other debt obligations of MHI, MSUSA or MHSC, as the case may be, as they fall due and that it has insufficient unused commitments available under credit facilities with lenders other than lenders within the group of companies headed by MHFG, then MHI, MSUSA or MHSC, as the case may be, shall promptly notify MHFG and MHBK of the shortfall, and MHFG and MHBK will jointly and severally make available to MHI, MSUSA or MHSC, as the case may be, before the due date of any relevant payment obligations, funds sufficient to enable MHI, MSUSA or MHSC, as the case may be, to satisfy such payment obligations in full as they fall due. MHI, MSUSA or MHSC, as the case may be, will use the funds made so available to it by MHFG and/or MHBK solely in or towards discharge of such payment obligations as they fall due.
- 3 MHFG and MHBK will jointly and severally ensure that any and all funds from time to time provided to MHI, MSUSA or MHSC pursuant to paragraph 2 above shall be either (i) by way of the subscription for, and payment of, share capital (other than redeemable share capital) of MHI, MSUSA or MHSC, as the case may be, or (ii) by way of a subordinated loan upon terms that any repayment of principal or interest is only permitted to the extent that MHI, MSUSA or MHSC, as the case may be, would remain solvent after any such repayment and such repayment obligations are subordinated on a winding-up of MHI, MSUSA or MHSC, as the case may be, to all of the unsecured and unsubordinated creditors of MHI, MSUSA or MHSC, as the case may be.
- 4 MHFG and MHBK shall jointly and severally ensure that each of MHI, MSUSA and MHSC maintains a positive consolidated tangible net worth (as determined in accordance with generally accepted accounting principles in the United Kingdom in the case of MHI, in the United States in the case of MSUSA and in Japan in the case of MHSC).
- 5 MHFG and MHBK each represents and warrants to MHI, MSUSA and MHSC that its payment obligations under this Agreement constitute unsecured and unsubordinated obligations of MHFG or MHBK, as the case may be, and rank at least *pari passu* with all of its other unsecured and unsubordinated obligations other than obligations expressly preferred by mandatory provisions of law.
- 6 This Agreement is not, and nothing herein contained or to be done by MHFG or MHBK shall be deemed to constitute a guarantee, direct or indirect, by MHFG or MHBK, as the case may be, of any of the MHI Notes, the MSUSA Notes, the Old MHSC Notes or the MHSC Notes.
- 7 If MHI, MSUSA or MHSC goes into liquidation, administration or receivership and either MHFG or MHBK is in breach of its obligations herein, MHFG and MHBK shall jointly and severally be liable to pay to MHI, MSUSA or MHSC, as the case may be, by way of liquidated damages for such breach, an amount equal to the sum that it would have paid had they performed such obligations in full at the time and in the manner specified herein and MHI, MSUSA or MHSC, as the case may be, and any liquidator, administrator, receiver or similar officer of MHI, MSUSA or MHSC, as the case may be, shall be entitled to claim accordingly.
- 8 MHI, MSUSA, MHSC, MHBK and MHFG acknowledge that this Agreement is being entered into for the benefit of each and every bearer or registered holder of any of the MHI Notes, the MSUSA Notes, the Old MHSC Notes and the MHSC Notes and acknowledge and agree that the obligations contained in this Agreement may be enforced by such persons pursuant to and in accordance with the Contracts (Rights of Third Parties) Act 1999.
- 9 This Agreement may only be modified, amended or terminated by the written agreement of the parties hereto, provided however that no such modification, amendment or termination shall be made if it would have an

adverse effect upon any bearer or registered holder of any of the MHI Notes, the MSUSA Notes, the Old MHSC Notes or the MHSC Notes.

- 10** The parties hereto shall give 30 days prior written notice to Moody's Japan K.K., Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd. of any proposed modification, amendment or termination of this Agreement.
- 11** This Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by, and shall be construed in accordance with, English law. Each of the parties hereto irrevocably agrees that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts. Each of the parties hereto irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agrees not to claim that such courts are not a convenient or appropriate forum. Each of MHFG, MHBK, MSUSA and MHSC agrees that the process by which any Proceedings are begun may be served on it by being delivered to Mizuho Bank, Ltd., London Branch at Mizuho House, 30 Old Bailey, London EC4M 7AU. Nothing in this Clause shall affect the right to serve process in any other manner permitted by law.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as a deed on the day and year first above written so as to have effect as from 15 January 2021.

## FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Series No.: [●]

Tranche No.: [●]

Date: [●]

**MIZUHO SECURITIES CO., LTD.**

**and**

**MIZUHO INTERNATIONAL PLC**

**and**

**MIZUHO SECURITIES USA LLC**

**U.S.\$13,000,000,000**

**Medium Term Note Programme**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[Title of Notes]**

### **PART A - CONTRACTUAL TERMS**

These Final Terms are issued in respect of the Tranche of Notes referred to above and shall be read in conjunction with the Terms and Conditions of the Notes set out in the Base Prospectus dated [●] [and the supplemental Base Prospectus dated [●]], which shall be interpreted subject to the particulars specified below. The particulars to be specified in relation to such Tranche are as follows:

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated [●] [and the supplemental Base Prospectus dated [●]], save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto.]

*[The following language applies if Notes are to be issued pursuant to Rule 144A]*

[THE NOTES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “QIB”) THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT (“RULE 144”), IF AVAILABLE, OR

(4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE NOTES. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE NOTES AND DISTRIBUTION OF THESE FINAL TERMS AND THE BASE PROSPECTUS, SEE “SUBSCRIPTION AND SALE” IN THE BASE PROSPECTUS.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THESE FINAL TERMS OR THE BASE PROSPECTUS OR ANY SUPPLEMENTAL PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.]

*[The following language applies if Notes are to be issued pursuant to Regulation S]*

[THE NOTES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.]

*[If applicable, insert a disclosure legend relating to section 871(m) of the US Internal Revenue Code]*

*[The following language applies if the Notes are targeted to professionals and ECPs only]*

**[EEA MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – SOLELY FOR THE PURPOSES OF [THE/EACH] MANUFACTURER’S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A

"DISTRIBUTOR") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.]

**[UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – SOLELY FOR THE PURPOSES OF [THE/EACH] MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ONLY ELIGIBLE COUNTERPARTIES, AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK ("COBS"), AND PROFESSIONAL CLIENTS, AS DEFINED IN REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("UK MIFIR"); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY [PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "DISTRIBUTOR")/DISTRIBUTOR] SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE "UK MIFIR PRODUCT GOVERNANCE RULES") IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.]

*[The following language applies if the Notes are targeted to retail]*

**[EEA MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS TARGET MARKET** – SOLELY FOR THE PURPOSES OF [THE/EACH] MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES, PROFESSIONAL CLIENTS AND RETAIL CLIENTS, EACH AS DEFINED IN DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); [AND] (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES [TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS] ARE APPROPRIATE [AND (III) THE FOLLOWING CHANNELS FOR DISTRIBUTION OF THE NOTES TO RETAIL CLIENTS ARE APPROPRIATE[, INCLUDING/;] INVESTMENT ADVICE[,/ AND] PORTFOLIO MANAGEMENT[,/ AND][ NON-ADVISED SALES][AND PURE EXECUTION SERVICES][, SUBJECT TO THE DISTRIBUTOR'S SUITABILITY AND APPROPRIATENESS OBLIGATIONS UNDER MIFID II, AS APPLICABLE]] [CONSIDER ANY NEGATIVE TARGET MARKET] . ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "DISTRIBUTOR") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS[, SUBJECT TO THE DISTRIBUTOR'S SUITABILITY AND APPROPRIATENESS OBLIGATIONS UNDER MIFID II, AS APPLICABLE]

**[UK MIFIR PRODUCT GOVERNANCE / RETAIL INVESTORS TARGET MARKET** – SOLELY FOR THE PURPOSES OF [THE/EACH] MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES, AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK ("COBS"), PROFESSIONAL

CLIENTS, AS DEFINED IN REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA ("UK MIFIR") AND RETAIL CLIENTS, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("EUWA"); [AND] (II) ALL CHANNELS FOR DISTRIBUTION TO [ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS] ARE APPROPRIATE [AND (III) THE FOLLOWING CHANNELS FOR DISTRIBUTION OF THE NOTES TO RETAIL CLIENTS ARE APPROPRIATE[[, INCLUDING/;] - INVESTMENT ADVICE[./ AND] PORTFOLIO MANAGEMENT[./ AND][ NON-ADVISED SALES][AND PURE EXECUTION SERVICES][, SUBJECT TO THE DISTRIBUTOR'S SUITABILITY AND APPROPRIATENESS OBLIGATIONS UNDER COBS, AS APPLICABLE]]. [CONSIDER ANY NEGATIVE TARGET MARKET]. ANY [PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "DISTRIBUTOR")/DISTRIBUTOR] SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE "UK MIFIR PRODUCT GOVERNANCE RULES") IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS[, SUBJECT TO THE DISTRIBUTOR'S SUITABILITY AND APPROPRIATENESS OBLIGATIONS UNDER COBS, AS APPLICABLE].]

*[The following language applies if Notes fall within the PRIIPs Regulation / UK PRIIPs Regulation]*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 [(THE "INSURANCE DISTRIBUTION DIRECTIVE")], WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 [(THE "PROSPECTUS REGULATION")]. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM (THE "UK"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF [THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("EUWA")/EUWA]; (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA") AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT [DIRECTIVE (EU) 2016/97/THE INSURANCE DISTRIBUTION DIRECTIVE], WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF

REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF [REGULATION (EU) 2017/1129 / THE PROSPECTUS REGULATION] AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY [REGULATION (EU) NO 1286/2014 / THE PRIIPS REGULATION] AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.]

[IN CONNECTION WITH SECTION 309B OF THE SECURITIES AND FUTURES ACT OF SINGAPORE (THE “SFA”) AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE “CMP REGULATIONS 2018”), THE ISSUER HAS DETERMINED, AND HEREBY NOTIFIES ALL RELEVANT PERSONS (AS DEFINED IN SECTION 309A(1) OF THE SFA), THAT THE NOTES [ARE] / [ARE NOT] PRESCRIBED CAPITAL MARKETS PRODUCTS (AS DEFINED IN THE CMP REGULATIONS 2018) AND [ARE] [EXCLUDED] / [SPECIFIED] INVESTMENT PRODUCTS (AS DEFINED IN MAS NOTICE SFA 04-N12: NOTICE ON THE SALE OF INVESTMENT PRODUCTS AND MAS NOTICE FAA-N16: NOTICE ON RECOMMENDATION ON INVESTMENT PRODUCTS).]<sup>1</sup>

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote direction for completing the Final Terms.]*

- |   |  |  |
|---|--|--|
| 1 | Issuer:  | [Mizuho Securities Co., Ltd./Mizuho International plc/Mizuho Securities USA LLC] |
| 2 | Relevant Dealer/Lead Manager:  | [Name]   |
| 3 | Syndicated:  | [Yes/No]   |
| 4 | Other Dealers/Managers (if any):                                       | [Name]   |
| 5 | Status:  | Unsubordinated   |
| 6 | If interchangeable with existing Series,<br>Series No:                 | [Specify]  |
| 7 | (i) Currency:<br>- of Denomination<br>- of Payment<br>(Condition 1.10) | [Specify]  |
|   | (ii) Currency Fallback: (Condition 9D)                                 | [Applicable/Not Applicable]  |
| 8 | Aggregate Principal Amount of<br>Tranche:                              | [Specify]  |
| 9 | (i) Denomination(s):<br>(Condition 1.8 or 1.9)                         | [Specify]  |

<sup>1</sup> For any Notes to be offered to Singapore investors, the relevant Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.



[Note - where multiple denominations above [£]/[US\$]100,000 (or equivalent) are being used the following sample wording should be followed:

[[£]/[US\$]100,000] and integral multiples of [[£]/[US\$]1,000] in excess thereof [up to and including [[£]/[US\$]199,000]. No notes in definitive form will be issued with a denomination above [[£]/[US\$]199,000]<sup>2</sup>.]

- (ii) Calculation Amount: [Specify]  
*[If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor] [Note: There must be a common factor in the case of two or more Specified Denominations]*
- 10 (i) Issue Date: [Specify]  
(ii) Interest Commencement Date: [Specify]
- 11 Maturity Date: (Condition 6.1) [Specify]
- 12 [(i)] Issue Price: [Specify]  
[(ii)] Net proceeds: [●] *(Required only for listed issues)*
- 13 (a) Form of Notes: [Bearer/Registered] *(MSUSA may only issue Notes in Registered Form)*  
*[Include the following for Registered Notes, as applicable]*  
[Temporary Unrestricted Global Certificate exchangeable for a Permanent Unrestricted Global Certificate, registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] *(Select this option for Registered Notes issued by MSUSA pursuant to Regulation S)*  
[Permanent Unrestricted Global Certificate available on Issue Date, registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] *(Select this option for Registered Notes issued by MHSC or MHI)*  
[Restricted Global Certificate available on Issue Date, registered in the name of a nominee for DTC] *(Select this option for Registered Notes issued by MSUSA pursuant to Rule 144A)*
- (b) New Global Note/held under New Safekeeping Structure: [Yes/No]

---

<sup>2</sup> Delete if notes being issued are in registered form.

|  |   |
|--|---|
| (c) Intended to be held in a manner which would allow Eurosystem eligibility:  | [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]   |
|  | [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] |
| (d) Bearer Notes exchangeable for Registered Notes:  | [Yes/No]  |
| 14 [Expenses:  | [If Definitive Notes specify that the Issuer must bear the cost of producing Definitive Notes]]   |
| 15 If issued in Bearer form:   | [Specify. If nothing is specified and these Final Terms do not specify that the TEFRA C Rules apply, Notes will be represented initially by a Temporary Global Note. If nothing is specified and these Final Terms specify that the TEFRA C Rules apply, the Notes will be represented by a Permanent Global Note.]   |
| (a) Initially represented by a Temporary Global Note or Permanent Global Note:<br>(Condition 1.2)  |   |
| (b) Temporary Global Note exchangeable for Definitive Notes and/or (if the relevant Series comprises both Bearer and Registered Notes) Registered Notes: | [Yes/No. If “no” or nothing is specified, Temporary Global Note will be exchangeable for Permanent Global Note]   |
| Specify date from which exchanges for Registered Notes will be made.<br>(Condition 1.2)  | [If nothing is specified, exchanges will be made at any time. (Exchanges for a Permanent Global Note or Definitive Notes will be made on or after the Exchange Date.)]  |
| (c) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or   | [Yes/No]  |

- (if the relevant Series comprises both Bearer Notes and Registered Notes) Registered Notes:  
(Condition 1.5)
- (d) Coupons to be attached to Definitive Notes:  
(Condition 1.6) [Yes/No]
- (e) Talons for future Coupons to be attached to Definitive Notes:  
(Condition 1.6) [Yes/No]
- (f) Receipts to be attached to Instalment Notes which are Definitive Notes: (Condition 1.7) [Yes/No]
- 16 If issued in Registered Form:  
- Registrar:  
(Condition 2.2) [Name and specified office]
- 17 Interest:  
(Condition 5) [Interest bearing/Non-interest bearing]
- (a) If interest bearing:
- (i) Interest Rate: [Specify rate (if fixed) or full determination provisions (if floating) or formula of ISDA Rate (for the purposes of Condition 5.2)]  
[[specify benchmark] is provided by [administrator's legal name]]. [[administrator's legal name] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation.]
- (a) Relevant Margin: [specify]
- (b) SOFR Rate Cut-Off Date: [Not Applicable/The day that is the [second/[●]] U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest] (*Only applicable in the case of SOFR Arithmetic Mean or SOFR Compound with Payment Delay*)
- (c) Lookback Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Compound with Lookback*)
- (d) SOFR Benchmark: [Not Applicable/SOFR Arithmetic Mean/SOFR Compound/SOFR Index Average] (*Only applicable in the case of SOFR*)
- (e) SOFR Compound: [Not Applicable/SOFR Compound with Lookback/SOFR Compound with Payment Delay/SOFR Compound with SOFR Observation Period Shift]

- (f) SOFR Observation Shift Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Compound with SOFR Observation Period Shift*)
- (g) Interest Payment Delay: [Not Applicable/[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Compound with Payment Delay*)
- (h) SOFR Index Start: [Not Applicable/[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
- (i) SOFR Index End: [Not Applicable/[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
- (j) SONIA Observation Method: [Lag/SONIA Observation Shift/Not Applicable] (*Only applicable in the case of SONIA*)
- (k) SONIA Observation Look-Back Period: [5/[●] London Banking Days]/[Not Applicable] (*Only applicable in the case of SONIA*)
- (l) SONIA Observation Shift Period: [[●]/Not Applicable] (*Only applicable in the case of SONIA*)
- (m) SONIA Index Determination: [Applicable/Not Applicable] (*Only relevant in the case of SONIA*)
- (ii) Interest Payment Dates (or if the Applicable Business Day Convention is the FRN Convention specify number of calendar months): [Specify]
- (iii) Interest Period End Dates (or if the Applicable Business Day Convention is the FRN Convention specify number of calendar months): [Specify: If nothing is specified Interest Period End Dates will correspond with Interest Payment Dates]
- (iv) Applicable Business Day Convention: [Specify. (Unless “No Adjustment” is stated or the ISDA Rate applies) if nothing is specified in relation to Interest Payment Dates, the Modified Following Business Day Convention will apply. Care should be taken to match the maturity date (as well as other key dates) of the Notes with any underlying swap transaction. Since maturity dates do not automatically move with business day conventions under ISDA, it may be necessary to specify “No Adjustment” in relation to the maturity date of the Notes to disapply the Applicable Business Day Convention.]
- for Interest Payment Dates: [●]

- for Interest Period End Dates: [•]
- (v) Business Day: [Specify any additional places or day]
- (vi) Day Count Fraction: [Specify]
- (vii) Relevant Time: [Specify]
- (viii) Minimum Interest Rate: [Specify]
- (ix) Maximum Interest Rate: [Specify]
- (x) Default Interest Rate: [Specify if different from the Interest Rate]  
(Condition 5.6)
- (b) If non-interest bearing: - [•]  
Amortisation Yield: - rate of  
interest on overdue amounts  
(Condition 5.10)
- 18 Calculation Agent: (Condition 5.7)
- 19 Partly Paid Notes: (Condition 1.11) [Yes/No]  
If yes, specify number, amounts and [Give details]  
dates for, and method of, payment of  
instalments of subscription moneys and  
any further additional provisions  
(including Forfeiture Dates in respect of  
late payment of Partly Paid Instalments)
- 20 Instalment Amounts: (Condition 6.1) [Specify if applicable]
- 21 Dates for payment of Instalment [•]  
Amounts (Instalment Notes): (Condition  
6.1)
- 22 Maturity Redemption Amount: [•]  
(Condition 6.1)
- 23 Early Redemption for Taxation  
Reasons: (Condition 6.2)
  - (a) Early Redemption Amount (Tax): [Specify, if not the Outstanding Principal Amount or, in  
the case of any Notes which are non-interest bearing, the  
Amortised Face Amount]
  - (b) Date after which changes in law, [Specify, if not the Issue Date]  
etc. entitles Issuer to redeem:
- 24 Optional Early Redemption (Call): [Yes/No]  
(Condition 6.3)
  - (a) Early Redemption Amount (Call): [Specify, if not the Outstanding Principal Amount or, in  
the case of any Notes which are non-interest bearing, the  
Amortised Face Amount]
  - (b) Series redeemable in part: [Specify, otherwise redemption will only be permitted of  
entire Series]
  - (c) Call Option Date(s)/Call Option [Specify]  
Period:

|    |  |  |
|----|--|--|
| 25 | Optional Early Redemption (Put):<br>(Condition 6.6)  | [Yes/No]   |
|    | (a) Early Redemption Amount (Put):   | [Specify, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest bearing, the Amortised Face Amount]  |
|    | (b) Put Date(s)/Put Period:  | [Specify]  |
| 26 | Benchmark-related Redemption Event<br>(Condition 6.13):  | [Applicable] [Not Applicable]  |
|    | Benchmark Fallback Provisions<br>(SOFR):   | [Applicable/Not Applicable] ( <i>Only relevant for USD-denominated Notes</i> )   |
|    | Benchmark Fallback Provisions<br>(ARRC):   | [Applicable/Not Applicable] ( <i>Only relevant for USD LIBOR-linked Notes</i> )  |
|    | - Lookback/Suspension Period:  | [Not Applicable/[Where Benchmark Fallback Provisions (ARRC) has been specified as “Applicable”, specify for calculation of Compounded SOFR]]   |
|    | Early Redemption Amount (Benchmark Event):   | [Specify, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest bearing, the Amortised Face Amount]  |
| 27 | Events of Default (Condition 7.1):   |  |
|    | (a) Early Termination Amount:  | [Specify, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest bearing, the Amortised Face Amount]  |
|    | (b) Any additional (or modifications to) Events of Default:  | [Specify]  |
| 28 | Payments (Condition 9):  |  |
|    | (a) Unmatured Coupons missing upon Early Redemption:   | [Specify whether paragraph (i) of Condition 9A.7 or paragraph (ii) of Condition 9A7 applies. If nothing is specified paragraph (i) will apply to fixed rate or fixed coupon amount Notes and paragraph (ii) will apply to floating rate or variable coupon amount Notes] |
|    | (b) Relevant Financial Centre Day:<br>(Condition 9C.4)   | [Specify any additional places]  |
|    | (c) Business Day Convention applicable to any due date for payment (other than Interest Payment Dates or Interest Period End Dates); | [Specify]  |
| 29 | Replacement of Notes: (Condition 12)   | [In the case of Bearer Notes specify Replacement Agent, if other than (or in addition to) the Issuing and Paying Agent]  |
| 30 | Notices: (Condition 14)  | [Specify any other means of effective communication]   |
| 31 | Credit Linked Conditions:  | [Applicable] [Not Applicable]<br><br>( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )   |

- (a) Type of Notes: [Single Name Credit Linked Notes] [First-to-Default Credit Linked Notes] [Linear Basket Notes]
- (i) Fixed Recovery Notes or Principal Protected Notes: [Fixed Recovery Notes] [Principal Protected Notes] [Not Applicable]
- (b) Credit Event Redemption Method: [Auction Redemption] [Physical Redemption] [Cash Redemption] [Cash or Physical Redemption] [Cash or Physical or Auction Redemption] [Fixed Recovery Redemption] [Principal Protected Redemption]
- (i) [Fallback Redemption Method: [Cash Redemption] [Physical Redemption] [Not Applicable]] (*Only applicable where 'Auction Redemption' is the Credit Event Redemption Method*)
- (c) [Principal Protected Amount: [[●] per cent.] [Maturity Redemption Amount]] (Delete this row if not applicable)
- (d) [Fixed Recovery Percentage: [●] per cent.]] (*Delete this row if not applicable*)
- (e) Credit Payment on Maturity: [Applicable] [Not Applicable]
- (f) Single Name Credit Linked Notes: [Applicable] [Not Applicable]  
(*If not applicable, delete remaining sub-paragraphs of this paragraph*)
- (i) Reference Entity: [Specify]  
(*Include the following additional information\**):
- *the registered office of the Reference Entity or, if different from the registered office, its main administrative office;*
  - *legislation governing the Reference Entity, and legal form which it has adopted under such legislation;*
  - *the company objects of the Reference Entity; and*
  - *name of the stock exchange or of another regulated market which is regularly operating, recognised and open to the public where the shares and other securities of the Reference Entity are admitted, and ISIN code, if any)*
- (ii) Seniority Level: [Senior Level] [Subordinated Level]
- (iii) Standard Reference Obligation: [Applicable] [Not Applicable]  
(*Where Applicable, specify Reference Obligation below if the fallback to a Non-Standard Reference Obligation under paragraph (c) of the definition of "Reference Obligation" is to apply*)
- (iv) Reference Obligation: [Specify Reference Obligation, including a short description thereof if the Reference Entity is not a sovereign, ISIN code (if any) and the name of the stock exchange or of another regulated market on which the Reference Obligation is listed or admitted to trading (if any)]

(g) First-to-Default Credit Linked Notes:

[Applicable] [Not Applicable]

*(If not applicable, delete remaining sub-paragraphs of this paragraph)*

(i) Reference Entities and Seniority Level:

| <b>Reference Entity:</b> | <b>Seniority Level:</b>             |
|--------------------------|-------------------------------------|
| [Specify]                | [Senior Level] [Subordinated Level] |
| [Specify]                | [Senior Level] [Subordinated Level] |

*(Repeat rows as necessary)*

*(Include the following additional information\*:*

- *the registered office of the Reference Entity or, if different from the registered office, its main administrative office;*
- *legislation governing the Reference Entity, and legal form which it has adopted under such legislation;*
- *the company objects of the Reference Entity; and*
- *name of the stock exchange or of another regulated market which is regularly operating, recognised and open to the public where the shares and other securities of the Reference Entity are admitted, and ISIN code, if any)*

(ii) Standard Reference Obligations:

[Applicable] [Not Applicable]

*(Where applicable, specify Reference Obligation(s) below if the fallback to a Non-Standard Reference Obligation under paragraph (c) of the definition of "Reference Obligation" is to apply. Insert the Non-Standard Reference Obligation for each Reference Entity)*

(iii) Reference Obligations:

*[Specify Reference Obligations, including a short description thereof if the Reference Entity is not a sovereign, ISIN code (if any) and the name of the stock exchange or of another regulated market on which the Reference Obligations are listed or admitted to trading (if any)]*

(h) Linear Basket Notes:

[Applicable] [Not Applicable]

*(If not applicable, delete remaining sub-paragraphs of this paragraph)*

(i) Reference Entities, Weighting, Reference Entity Notional Amount and Seniority Level:

| <b>Reference Entity:</b> | <b>Weighting:</b> | <b>Reference Entity Notional Amount:</b> | <b>Seniority Level:</b> |
|--------------------------|-------------------|--|-------------------------|
|                          |                   |  |                         |



|           |           |           |  |
|-----------|-----------|-----------|--|
| [Specify] | [Specify] | [Specify] | [Senior Level]<br>[Subordinated Level] |
| [Specify] | [Specify] | [Specify] | [Senior Level]<br>[Subordinated Level] |

*(Repeat rows as necessary)*

*(Include the following additional information\*:*

- *the registered office of the Reference Entity or, if different from the registered office, its main administrative office;*
- *legislation governing the Reference Entity, and legal form which it has adopted under such legislation;*
- *the company objects of the Reference Entity; and*
- *name of the stock exchange or of another regulated market which is regularly operating, recognised and open to the public where the shares and other securities of the Reference Entity are admitted, and ISIN code, if any)*

(ii) Standard Reference Obligations:

[Applicable] [Not Applicable]

*(Where applicable, specify Reference Obligation(s) below if the fallback to a Non-Standard Reference Obligation under paragraph (c) of the definition of “Reference Obligation” is to apply. Insert the Non-Standard Reference Obligation for each Reference Entity)*

(iii) Reference Obligations:

*[Specify Reference Obligations, including a short description thereof if the Reference Entity is not a sovereign, ISIN code (if any) and the name of the stock exchange or of another regulated market on which the Reference Obligations are listed or admitted to trading (if any)]*

(i) Auction Redemption Amount:

*[Specify if an alternative to that set out in the Credit Linked Conditions is to apply] [As per the Credit Linked Conditions] (Only include if ‘Auction Redemption’ is applicable)*

(j) Cash Redemption Amount:

*[Specify if an alternative to that set out in the Credit Linked Conditions is to apply] [As per the Credit Linked Conditions] (Only include if ‘Cash Redemption’ is applicable, including where ‘Cash Redemption’ is the Fallback Redemption Method)*

(k) Final Auction Redemption Amount:

*[Specify if an alternative to that set out in the Credit Linked Conditions is to apply] [As per the Credit Linked*

- Conditions] (*Only include if 'Auction Redemption' and 'Credit Payment on Maturity' applies*)
- (l) Final Cash Redemption Amount: [Specify if an alternative to that set out in the Credit Linked Conditions is to apply] [As per the Credit Linked Conditions] (*Only include if 'Cash Redemption' and 'Credit Payment on Maturity' applies*)
- (m) All Guarantees: [Applicable] [Not Applicable]  
Fixed Cap: [Specify] [Not Applicable]
- (n) Obligations:
- (i) Obligation Category: [Payment] [Borrowed Money] [Reference Obligation Only] [Bond] [Loan] [Bond or Loan] (*Select one only*)
- (ii) Obligation Characteristics: [Not Subordinated]  
[Specified Currency] (*Specify unless the fallback in the definition of "Specified Currency" applies*)  
[Not Sovereign Lender]  
[Not Domestic Currency]  
- [Domestic Currency: [●]] (*Specify unless the fallback in the definition of "Domestic Currency" in the Credit Linked Conditions applies*)]  
[Not Domestic Law]  
[Listed]  
[Not Domestic Issuance]  
[None]  
(*Select all that apply*)
- (iii) Excluded Obligation: [Specify] [Not Applicable]
- (o) Deliverable Obligations:
- (i) Deliverable Obligation Category: [Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan] (*Select one only*)
- (ii) Deliverable Obligation Characteristics: [Not Subordinated]  
[Specified Currency] (*Specify unless the fallback in the definition of "Specified Currency" in the Credit Linked Conditions applies*)  
[Not Sovereign Lender]  
[Not Domestic Currency]  
- [Domestic Currency: [●]] (*Specify unless the fallback in the definition of "Domestic Currency" in the Credit Linked Conditions applies*)]  
[Not Domestic Law]  
[Listed]  
[Not Domestic Issuance]

|  |   |
|--|---|
|  | [Assignable Loan]   |
|  | [Consent Required Loan]   |
|  | [Direct Loan Participation]   |
|  | [Transferable]  |
|  | [Maximum Maturity [of [●] years ( <i>Specify if default is not to apply</i> )]]   |
|  | [Accelerated or Matured]  |
|  | [Not Bearer] ( <i>Select all that apply</i> )   |
|  | [Together with [ <i>Specify other obligation applicable for each Reference Entity other than those determined by reference to Obligation Category and Obligation Characteristics</i> ]] |
| (iii) Excluded Deliverable Obligation:                   | [Specify] [Not Applicable]  |
| (p) Fallback Discounting:                                | [Applicable] [Not Applicable]   |
| (q) Financial Reference Entity Terms:                    | [Applicable] [Not Applicable]   |
| (r) Subordinated European Insurance Terms:               | [Applicable] [Not Applicable]   |
| (s) Sovereign Reference Entity No Asset Package Delivery | [Applicable] [Not Applicable]   |
| (t) Coco Supplementary Provisions:                       | [Applicable] [Not Applicable]   |
| (i) [Trigger Percentage:                                 | [●]   |
| (u) Credit Event(s):                                     | [Bankruptcy]  |
|  | [Failure to Pay]  |
|  | Payment Requirement: [● or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant failure to pay] [OR] [As per the Credit Linked Conditions]           |
|  | Grace Period Extension: [Applicable] [Not Applicable]   |
|  | [Grace Period: [ <i>Specify</i> ] [As per the Credit Linked Conditions]]  |
|  | Credit Deterioration Requirement: [Applicable] [Not Applicable]   |
|  | [Governmental Intervention]   |
|  | [Obligation Acceleration]   |
|  | [Obligation Default]  |
|  | [Repudiation/Moratorium]  |
|  | [Restructuring]   |
|  | Mod R: [Applicable] [Not Applicable]  |
|  | Mod Mod R: [Applicable] [Not Applicable]  |

- Multiple Holder Obligation: [Applicable] [Not Applicable]  
 [Select all that apply]
- (i) Default Requirement: [Specify] [As per the Credit Linked Conditions]
- (ii) Notice of Publicly Available Information: [Not Applicable] [Note that it is not necessary to specify “Applicable” as the default position under the Credit Linked Conditions is for a Notice of Publicly Available Information to apply]  
 Public Source(s): [Specify] [As per the Credit Linked Conditions]  
 Specified Number: [Specify] [As per the Credit Linked Conditions]
- (v) Event Determination Date: [As per the Credit Linked Conditions] [Specify]
- (w) Non-Standard Event Determination Date: [Applicable] [Not Applicable]
- (x) Single Notifying Party Event Determination Date: [Applicable] [Not Applicable] (Specify Single Notifying Party Event Determination Date as applicable where the hedging CDS has only one Notifying Party (i.e. “Buyer” or “Seller” is specified as the Notifying Party). Otherwise specify “Not Applicable” and the Event Determination Date provisions which are equivalent to having two Notifying Parties under a CDS will apply)
- (y) Credit Event Monitoring Period: The period from and including [Specify trade date] to and including [Specify]
- (z) Movement Option: [Restructuring Maturity Limitation and Full Transferable Obligation Applicable] [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable]
- (aa) Cash Redemption Terms: [Applicable] [Not Applicable]
- (i) Valuation Date[(s)]: [Single Valuation Date:  
 Number of Business Days: [Specify] [As per the Credit Linked Conditions]]  
 [Multiple Valuation Dates:  
 [●] Business Days and each [●] Business Days thereafter. [Number of Valuation Dates: [●]]]
- (ii) Valuation Time: [Specify] [As per the Credit Linked Conditions]
- (iii) Valuation Method: [Highest] [Market] [Average Highest] [Average Market] [Lowest]
- (iv) Quotation Method: [Bid] [Offer] [Mid-market]
- (v) Quotation Dealers: [Specify] [As per the Credit Linked Conditions]
- (vi) Accrued Interest: [Include Accrued Interest] [Exclude Accrued Interest] [As per Credit Linked Condition 7(b)(ii)III]
- (bb) Physical Redemption Terms: [Applicable] [Not Applicable]

|    |  |  |
|----|--|--|
|    | (i) Physical Settlement Period:  | [[●] Business Days] [As per the Credit Linked Conditions]  |
|    | (ii) [Include Accrued Interest:  | Applicable] ( <i>Delete this row if not applicable</i> )   |
|    | (iii) Fallback Cash Redemption:  | [Applicable] [Not Applicable]  |
|    | (cc) Partial Cash Redemption<br>Terms/Fallback Cash Redemption<br>Terms: |  |
|    | (i) Valuation Time:  | [Specify] [As per the Credit Linked Conditions]  |
|    | (dd) Physical Settlement Matrix Standard<br>Terms:                       | [Applicable] [Not Applicable]<br>[Physical Settlement Matrix: [Specify] [As per the Credit<br>Linked Conditions]<br>Transaction Type: [Specify]] |
|    | (ee) Redemption Following Merger:  | [Applicable] [Not Applicable]  |
|    | (ff) Replacement Reference Entity<br>following Merger:                   | [Applicable] [Not Applicable]  |
|    | (gg) Hedge Unwind Costs:   | [Applicable] [Not Applicable]  |
|    | (hh) Settlement Currency:  | [Specify] [As per the Credit Linked Conditions]  |
| 32 | Other Relevant Terms and Conditions                                      | [●]<br><i>[If applicable, insert section 871(m) of the US Internal<br/>Revenue Code amendment wording]</i>                                       |

---

*Note:*

- \* *Where a Reference Entity is not a Sovereign and does not have securities admitted to a stock exchange or another regulated market which is regularly operating, recognised and open to the public, the Issuer will be required to prepare a drawdown prospectus for approval by the Luxembourg Stock Exchange.*

## PART B - OTHER INFORMATION

33 Selling Restrictions:

United States of America:

[Regulation S Compliance [Category 2]/[Category 3 for life (restriction on hedging transactions apply: See the Addendum attached hereto for additional selling and transfer restrictions.)] *(If the underlying shares for an equity linked Note are equity securities of one or more U.S. domestic issuers (within the meaning of Regulation S) or there is substantial U.S. market interest (as defined in Regulation S) in the U.S. Shares constituting the underlying shares, then specify “Reg. S Compliance Category 3 for life (restriction on hedging transactions applies: See the Addendum attached hereto for additional selling and transfer restrictions.)”, and include the Addendum to the Final Terms setting out the additional U.S. selling and transfer restrictions)]]*

[Rule 144A]

[For Bearer Notes, specify whether the Notes are subject to the TEFRA C Rules or the TEFRA D Rules or TEFRA is not applicable. In the absence of specification the TEFRA D Rules will apply]

[Specify Exchange Date]

Other:

*[Additional selling restrictions to be used in the case of CNY Notes:*

### **People’s Republic of China**

The Dealer has represented and agreed that it has not and will not offer or sell any of the Notes, directly or indirectly, in the People’s Republic of China (which, for the purposes of these Notes, excludes the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan) (the “PRC”).

### **Hong Kong**

The Dealer has represented and agreed that (i) it has not and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “Prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document

relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.]

- 34      Stabilising Institution:      In connection with this issue, [*insert name of stabilising manager*] [or [*insert name of stabilising manager*]] (the “Stabilising Manager[s]”) (or persons acting on behalf of [any/the] Stabilising Manager[s]) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager[s] (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.
- 35      ISIN:      [●]
- 36      Common Code:      [●]
- 37      [Classification of Financial Instruments (CFI):      [●]]
- 38      [Financial Instruments Short Name (FISN)      [●]]
- 39      CUSIP:      [●] [where represented by a Restricted Global Certificate for DTC eligibility]
- 40      Common Depository/Custodian for DTC:      [●]
- 41      Clearing System:      [Euroclear/Clearstream, Luxembourg/The Depository Trust Company/other clearing system/None]
- 42      Settlement Procedures:      [Specify whether customary medium term note/eurobond/or other settlement and payment procedures apply]
- 43      Legal Entity Identifier:      [●]
- 44      Ratings      The Notes to be issued [have been/are expected to be] rated [●] by [●]

## **[LISTING APPLICATION**

These Final Terms comprise the details required to list the issue of Notes described herein [on the Luxembourg Stock Exchange and to trade the Notes on the Euro MTF]/[other (*specify*)] pursuant to the U.S.\$13,000,000,000 Medium Term Note Programme of Mizuho International plc, Mizuho Securities Co., Ltd. and Mizuho Securities USA LLC]\*

## **[STABILISING**

In connection with this issue, [*insert name of stabilising manager*] [or [*insert name of stabilising manager*]] (the “Stabilising Manager[s]”) (or persons acting on behalf of [any/the] Stabilising Manager[s]) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager[s] (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.]

## **MATERIAL ADVERSE CHANGE STATEMENT**

[Except as disclosed in this document, there/There] has been no significant change in the financial or trading position of the Issuer since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer since [*insert date of last published annual accounts.*]

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms which, when read together with the Base Prospectus [and the supplemental Base Prospectus] referred to above, contains all information that is material in the context of the issue of the Notes.

## **CONFIRMED BY:**

**[MIZUHO SECURITIES CO., LTD./MIZUHO INTERNATIONAL PLC/MIZUHO SECURITIES USA LLC]\***

By: .....  
*Authorised Signatory*

Date: .....

---

\* Delete as appropriate



## CREDIT LINKED NOTES ANNEX

### PART A: DESCRIPTION AND RISK FACTORS

#### PART 1(A): DESCRIPTION OF THE CREDIT LINKED NOTES

The following description of the Credit Linked Notes (Single Name Credit Linked Notes, First-to-Default Credit Linked Notes and Linear Basket Notes) is a summary of the main provisions of the Credit Linked Notes and is qualified in its entirety by the Terms and Conditions of the Credit Linked Notes. The Credit Linked Notes represent an investment linked to one or more Reference Entities and repayment of principal and/or the amount deliverable on redemption may, if a Credit Event occurs in respect of such Reference Entity or Reference Entities, be less than the initial principal amount on issue. If no Credit Event occurs in respect of any of the Reference Entities referenced by the Notes, and the Notes are not otherwise redeemed early for any other reason under the Conditions, then each Credit Linked Note will be redeemed at its Maturity Redemption Amount, as set out in the relevant Final Terms, on the Scheduled Maturity Date (subject to any extension of the maturity date due to the potential existence of a Credit Event). If a Credit Event occurs then, unless the Notes are Principal Protected Notes, the Notes will be redeemed as described below for each type of Note. Principal Protected Notes will be redeemed as described below under “Key Provisions of the Credit Linked Notes”.

#### 1 Single Name Credit Linked Notes

The Single Name Credit Linked Notes represent an investment linked to the performance of only one Reference Entity specified in the relevant Final Terms. If a Credit Event and a Relevant Event Determination Date occurs then each Note will be redeemed in full (or may be redeemed in part following the occurrence of an M(M)R Restructuring Credit Event) as follows:

- (a) if “Cash Redemption” applies, by payment of an amount calculated as the product of (i) the Final Price (or, in respect of Fixed Recovery Notes, the Fixed Recovery Percentage) for the affected Reference Entity, and (ii) the Applicable Proportion, taking into consideration any positive or negative effects of any Hedge Unwind Costs (if applicable) (the “Cash Redemption Amount”, as further defined in Credit Linked Condition 18 (*Definitions*)); or
- (b) if “Auction Redemption” applies, by payment of an amount calculated as the product of (i) the Auction Final Price for the affected Reference Entity, and (ii) the Applicable Proportion, taking into consideration any positive or negative effects of any Hedge Unwind Costs (if applicable) (the “Auction Redemption Amount” as further defined in Credit Linked Condition 18 (*Definitions*)); or
- (c) if “Physical Redemption” applies, by delivery of the Physical Redemption Assets (or, in certain circumstances, a cash payment).

If “Credit Payment on Maturity” applies, payment of the Cash Redemption Amount or Auction Redemption Amount (calculated as described above) will only occur on final redemption of the Notes, even if the Credit Event and Relevant Event Determination Date occur on earlier dates. Notwithstanding that the Cash Redemption Amount or the Auction Redemption will be paid on maturity of the Notes, the Notes will cease to accrue interest from the Event Determination Date. See Credit Linked Condition 2(g) (*Accrual of Interest on Credit Event – Credit Payment on Maturity*).

## 2 First-to-Default Credit Linked Notes

The First-to-Default Credit Linked Notes represent an investment linked to the performance of a basket of Reference Entities specified in the relevant Final Terms. The Notes are exposed to the credit risk of each Reference Entity in the basket. If a Credit Event and a Relevant Event Determination Date occurs in respect of any Reference Entity in the basket then each Note will be redeemed in full (or may be redeemed in part following the occurrence of an M(M)R Restructuring Credit Event) as follows:

- (a) if “Cash Redemption” applies, by payment of an amount calculated as the product of (a) the Final Price (or, in respect of Fixed Recovery Notes, the Fixed Recovery Percentage for the affected Reference Entity) and (b) the Applicable Proportion, taking into consideration any positive or negative effects of any Hedge Unwind Costs (if applicable) (the “Cash Redemption Amount”, as further defined in Credit Linked Condition 18 (*Definitions*)); or
- (b) if “Auction Redemption” applies, by payment of an amount calculated as the product of (a) the Auction Final Price for the affected Reference Entity, and (b) the Applicable Proportion, taking into consideration any positive or negative effects of any Hedge Unwind Costs (if applicable) (the “Auction Redemption Amount” as further defined in Credit Linked Condition 18 (*Definitions*)); or
- (c) if “Physical Redemption” applies by delivery of the Physical Redemption Assets (or, in certain circumstances, a cash payment).

If “Credit Payment on Maturity” applies, payment of the Cash Redemption Amount or Auction Redemption Amount (calculated as described above) will only occur on final redemption of the Notes, even if the Credit Event and Relevant Event Determination Date occur on earlier dates. Notwithstanding that the Cash Redemption Amount or the Auction Redemption is paid on maturity of the Notes, the Notes will cease to accrue interest from the Event Determination Date. See Credit Linked Condition 2(g) (*Accrual of Interest on Credit Event – Credit Payment on Maturity*).

## 3 Linear Basket Notes

The Linear Basket Notes represent an investment linked to the performance of a basket of Reference Entities specified in the relevant Final Terms. The Notes are exposed to the credit risk of each Reference Entity in the basket in proportion to the weighting specified for such Reference Entity in the relevant Final Terms. If a Credit Event and a Relevant Event Determination Date occurs in respect of any one of the Reference Entities in the basket then each Linear Basket Note will be redeemed in part in proportion to the weighting of the affected Reference Entity as follows:

- (a) if “Cash Redemption” applies, by payment of an amount calculated as the product of (i) the Final Price (or, in respect of Fixed Recovery Notes, the Fixed Recovery Percentage for the affected Reference Entity) and (ii) the Applicable Proportion, taking into consideration any positive or negative effects of any Hedge Unwind Costs (if applicable) (the “Cash Redemption Amount”, as further defined in Credit Linked Condition 18 (*Definitions*)); or
- (b) if “Auction Redemption” applies, by payment of an amount calculated as the product of (i) the Auction Final Price for the affected Reference Entity, and (ii) the Applicable Proportion, taking into consideration any positive or negative effects of any Hedge Unwind Costs (if applicable) (the “Auction Redemption Amount” as further defined in Credit Linked Condition 18 (*Definitions*)); or
- (c) if “Physical Redemption” applies by delivery of the Physical Redemption Assets (or, in certain circumstances, a cash payment).

The Cash Redemption Amount, Auction Redemption Amount and the Physical Redemption Assets will be determined by reference to the portion of the Notes equal to the weighting of the affected Reference Entity. If “Credit Payment on Maturity” applies, payment of the Cash Redemption Amount or Auction Redemption Amount in respect of the Applicable Proportion (calculated as described above) will only occur on final redemption of the Notes, even if the Credit Event and Relevant Event Determination Date occur on earlier dates. The remaining portion of the Notes will remain outstanding and will be redeemed at maturity at their *pro rata* portion of the Maturity Redemption Amount, subject to the occurrence of a Credit Event in respect of one or more of the other Reference Entities in the basket. Notwithstanding that the Cash Redemption Amount or the Auction Redemption is paid on maturity of the Notes, the Notes will cease to accrue interest from the Event Determination Date. See Credit Linked Condition 2(g) (*Accrual of Interest on Credit Event – Credit Payment on Maturity*).

#### **4 Key Provisions of the Credit Linked Notes**

##### ***Credit Events***

Each of the following events may be specified as a Credit Event with respect to a Reference Entity specified in the relevant Final Terms. The relevant Final Terms will specify which of these Credit Events will be applicable to the particular Credit Linked Notes:

- (a) a failure by the Reference Entity to pay amounts when due under its obligations, where the failure to pay relates to an amount greater than a pre-determined minimum amount (a “Failure to Pay”);
- (b) a bankruptcy or insolvency procedure in respect of the Reference Entity (a “Bankruptcy”);
- (c) a restructuring of an obligation of the Reference Entity which amends key terms of that obligation as to repayment of principal or payment of interest thereunder (a “Restructuring”);
- (d) the acceleration of a payment obligation of the Reference Entity before it would otherwise be due and payable in respect of a pre-determined minimum amount (an “Obligation Acceleration”);
- (e) a payment obligation of the Reference Entity in respect of a pre-determined minimum amount becomes capable of being declared due and payable before it would otherwise be due and payable (an “Obligation Default”);
- (f) the Reference Entity repudiates a payment obligation in respect of a pre-determined minimum amount or imposes a moratorium in respect of a payment obligation in respect of such minimum amount and a failure to pay under such obligation subsequently occurs within a specified time period (a “Repudiation/Moratorium”); or
- (g) an event which would result in the reduction or deferral of payment of principal or interest or change in ranking of priority in, an expropriation of or the mandatory cancellation of an Obligation as the result of an action taken or announcement made by a Governmental Authority (a “Governmental Intervention”).

See the definition of “Credit Event” and the definitions of “Failure to Pay”, “Bankruptcy”, “Restructuring”, “Obligation Acceleration”, “Obligation Default”, “Repudiation/Moratorium” and “Governmental Intervention” in Credit Linked Condition 18 (*Definitions*).

##### ***Financial Reference Entity Terms, Asset Package Credit Event, Asset Package, Prior Deliverable Obligation and Package Observable Bond***

Certain provisions are only applicable to financial reference entities or sovereign reference entities.

Where the Reference Obligation is a senior obligation and “Financial Reference Entity Terms” is applicable, if a Credit Event would only affect the subordinated obligations of the Reference Entity, a Credit Event will not be triggered in respect of such senior obligation.

Where (a) a Restructuring Credit Event (which does not constitute a Governmental Intervention) or a Governmental Intervention Credit Event occurs with respect to a Reference Obligation that is a senior obligation and “Financial Reference Entity Terms” is applicable, or (b) a Restructuring Credit Event occurs with respect to a Reference Entity that is a Sovereign, then such a Credit Event will constitute an “Asset Package Credit Event”. In those circumstances, (unless, in respect of a Sovereign Reference Entity, Asset Package Delivery has been specified not to apply in the relevant Final Terms), the obligations or assets used to determine the Final Auction Price or Final Price or which will comprise the Physical Redemption Assets, as applicable (the “**Asset Package**”) will be those assets received or retained by a Relevant Holder after the relevant Credit Event by reference to:

- (i) in respect of (a) above, either an obligation of the Reference Entity which existed immediately prior to the Asset Package Credit Event which would have constituted a Deliverable Obligation, or the Reference Obligation (a “Prior Deliverable Obligation”); or
- (ii) in respect of (b) above, a benchmark obligation of the relevant Sovereign identified as such by ISDA and published on its website which immediately prior to the Asset Package Credit Event would have constituted a Deliverable Obligation (a “Package Observable Bond”).

See Credit Linked Condition 5(d) (*Auction Final Price of the Asset Package*), Credit Linked Condition 6(k) (*Asset Package Delivery*), Credit Linked Condition 7(b)(iv) and the definitions of “Asset Package”, “Asset Package Credit Event”, “Package Observable Bond” and “Prior Deliverable Obligation” in Credit Linked Condition 18 (*Definitions*).

#### ***Event Determination Date and Notice of Physical Settlement***

In order for Notes to be redeemed following a Credit Event, it is necessary for a Relevant Event Determination Date to have occurred. Depending on the circumstances, this may be the date on which a notice describing the occurrence of the Credit Event (a “Credit Event Notice”) has been delivered (together with, if applicable, a notice containing publicly available information confirming the occurrence of the Credit Event (a “Notice of Publicly Available Information”)), the date on which it is publicly announced that a Credit Derivatives Determinations Committee will be convened to determine if a certain Credit Event has occurred (a “Credit Event Resolution Request Date”) or the date that is 14 calendar days following the date on which a Credit Derivatives Determinations Committee publicly announces that a Credit Event has occurred. See the definitions of “Relevant Event Determination Date”, “Event Determination Date” and “Non-Standard Event Determination Date” in Credit Linked Condition 18 (*Definitions*).

In addition, if “Physical Redemption” applies to the Credit Linked Notes, the Issuer may be required to deliver a notice describing the obligations of the Reference Entity that are expected to be delivered as the Physical Redemption Assets (a “Notice of Physical Settlement”). See the definition of “Notice of Physical Settlement” in Credit Linked Condition 18 (*Definitions*).

#### ***Final Price***

The Final Price for a Reference Entity is based on the value of an obligation of the Reference Entity meeting certain pre-defined criteria and as selected by the Redemption Calculation Agent (the “Reference Obligation”) or, if applicable, Assets comprising the Asset Package, following the occurrence of the relevant Credit Event based on quotations for the Reference Obligation obtained from Quotation Dealers in the relevant market for the Reference Obligation. See the definitions of “Final Price” and “Reference Obligation” in Credit Linked Condition 18 (*Definitions*).

### ***Auction Final Price***

The Auction Final Price is the value of certain obligations of the Reference Entity (which may be Assets comprising the Asset Package, if applicable) as determined according to an auction for such obligations which is managed by ISDA for the settlement of credit derivative transactions referencing the affected Reference Entity and in which dealers submit bid prices and offer prices for the relevant obligations. See the definition of “Auction Final Price” in Credit Linked Condition 18 (*Definitions*).

### ***Physical Redemption Assets***

The Physical Redemption Assets are each Credit Linked Note’s *pro rata* share of obligations of the Reference Entity which fall within a specified category (the “Deliverable Obligation Category”, as further defined in Credit Linked Condition 18 (*Definitions*)) and have the specified characteristics (the “Deliverable Obligation Characteristics”, as further defined in Credit Linked Condition 18 (*Definitions*)) which are set out in the relevant Final Terms and which have an outstanding principal balance or a Due and Payable Amount equal to the Outstanding Aggregate Nominal Amount of the Credit Linked Notes following the occurrence of a Credit Event which is being redeemed, taking into consideration any Hedge Unwind Costs (if applicable).

If an Asset Package Credit Event has occurred, in certain circumstances the Physical Redemption Assets may include Assets comprising the Asset Package. The Issuer may elect in lieu of delivering any or all of the Asset Package to pay a cash amount to the Noteholders.

See Credit Linked Condition 6(k) (*Asset Package Delivery*) and the definition of the “Physical Redemption Assets” in Credit Linked Condition 18 (*Definitions*).

### ***Applicable Proportion***

The Applicable Proportion for determining the amount payable on redemption or partial redemption of a Credit Linked Note following the occurrence of a Credit Event will be the Applicable Percentage multiplied by the Specified Denomination of such Credit Linked Note.

The Applicable Percentage means, in respect of a Credit Event:

- (a) if the Credit Event is not a “M(M)R Restructuring Credit Event” and the Credit Linked Note is a Single Name Credit Linked Note or a First-to-Default Credit Linked Note, 100 per cent.; or
- (b) if the Credit Event is not a “M(M)R Restructuring Credit Event” and the Credit Linked Note is a Linear Basket Note, a percentage equal to the weighting specified for the Reference Entity in the relevant Final Terms; or
- (c) if the Credit Event is a “M(M)R Restructuring Credit Event”, the quotient of the Exercise Amount specified in the relevant Credit Event Notice and the Original Aggregate Nominal Amount of the Credit Linked Notes.

### ***Credit Payment on Maturity***

“Credit Payment on Maturity” may be specified to apply to any of the Credit Linked Notes to which either “Cash Redemption” or “Auction Redemption” applies as the Credit Event Redemption Method.

In respect of Credit Linked Notes to which either “Cash Redemption” or “Auction Redemption” applies as the Credit Event Redemption Method, following the occurrence of a Credit Event, the Applicable Proportion of each Note will be redeemed by payment of the Cash Redemption Amount or Auction Redemption Amount (as applicable), as described above. However, if “Credit Payment on Maturity” applies to the Notes then each Note will be redeemed by the payment of the Cash Redemption Amount or Auction Redemption Amount (as applicable) at maturity of the Notes on the Final Cash Redemption Date or Final Auction Redemption Date (as applicable), along with, in each case, payment of the Maturity Redemption Amount in respect of the outstanding

portion of the Notes. See the definitions of “Final Cash Redemption Amount” and “Final Auction Redemption Amount” in Credit Linked Condition 18 (*Definitions*). Notwithstanding that the Cash Redemption Amount or the Auction Redemption is paid on maturity of the Notes, the Notes will cease to accrue interest from the Event Determination Date. See Credit Linked Condition 2(g) (*Accrual of Interest on Credit Event – Credit Payment on Maturity*).

#### ***Principal Protected Notes***

If the Credit Linked Notes are Principal Protected Notes, then, notwithstanding the occurrence of a Credit Event, the Applicable Proportion of each Note will be redeemed at the Principal Protected Amount specified in the relevant Final Terms on the relevant Cash Redemption Date following the occurrence of the Credit Event or, if “Credit Payment on Maturity” applies, at maturity of the Notes on the Final Cash Redemption Date or Final Auction Redemption Date (as applicable). The Principal Protected Amount may be less than the Maturity Redemption Amount.

#### ***Fixed Recovery Notes***

If any of the Credit Linked Notes are specified to be Fixed Recovery Notes then, following the occurrence of a Credit Event, the amount payable on redemption on the relevant Cash Redemption Date, or if Credit Payment on Maturity applies, the amount payable on final redemption, shall be calculated as set out in the relevant paragraph of this section “Description of the Credit Linked Notes” in the same manner as for “Cash Redemption” provided that instead of the Final Price of the Reference Obligation, the amount payable shall be determined using the “Fixed Recovery Percentage” set out in the relevant Final Terms, which may be zero.

#### ***Accrual of Interest following the occurrence of a Credit Event***

In respect of all of the Credit Linked Notes, following the occurrence of a Credit Event, if the Notes bear interest, interest will cease to accrue on the Applicable Proportion of each Note. This is the case even if “Credit Payment on Maturity” applies to the Credit Linked Notes.

#### ***Hedge Unwind Costs***

If “Hedge Unwind Costs” (as defined in Credit Linked Condition 18 (*Definitions*)) apply to the Notes, the amount payable or deliverable following the occurrence of a Credit Event, whether payable or deliverable after the occurrence of the Credit Event (if “Credit Payment on Maturity” does not apply) or payable on final redemption of the Notes (if “Credit Payment on Maturity” applies), may be adjusted by an amount determined by the Redemption Calculation Agent relating to the costs and expenses incurred by the Issuer in terminating, liquidating, obtaining or re-establishing any related hedging or trading position in connection with the Notes as a result of a Credit Event occurring. The Hedge Unwind Costs may have a positive or negative effect on the Redemption Amount.

## **PART 1(B): RISK FACTORS RELATING TO THE CREDIT LINKED NOTES**

The Credit Linked Notes have a different risk profile to other unsecured debt securities. The return on the Credit Linked Notes is linked to the credit risk of one or more Reference Entities and certain obligations of such Reference Entities. Investing in the Credit Linked Notes is not equivalent to investing directly in shares of any Reference Entity or in any obligation of any Reference Entity, nor is it equivalent to taking an exposure or hedging using over-the-counter derivatives.

Prospective investors should note that the Credit Linked Notes differ from ordinary debt securities issued by the Issuer in that (a) the amount of principal and interest (if any) payable by the Issuer is dependent on whether a Credit Event has occurred with respect to a relevant Reference Entity and, if so, on the value of certain specified obligations of such Reference Entity and (b) if such events have occurred, the Issuer may deliver, on redemption, assets which are obligations of (or obligations guaranteed by) such Reference Entity/Entities in lieu of any cash payment under the Credit Linked Notes.

The Credit Linked Notes may redeem below par and investors may receive no or a limited amount of interest. The redemption amount or amount of assets delivered may vary considerably due to market conditions and the Credit Linked Notes may in certain circumstances (for example following a default of a Reference Entity) be valued at a considerable discount to their par value or even zero and investors may therefore lose all or a substantial portion of their investment. The redemption amount is further reduced by the costs incurred by the Issuer on unwinding the transactions entered into by the Issuer for the purpose of hedging its exposure under the Credit Linked Notes. Investors in the Credit Linked Notes should be aware that the Credit Linked Notes may redeem early if a Credit Event has occurred and Credit Payment on Maturity does not apply, but may redeem later than the Scheduled Maturity Date pending the determination of a Credit Event or Event Determination Date or the determination of the Auction Final Price or Final Price in respect of a Credit Event. In particular, prospective investors should be aware that notes to which “Credit Payment on Maturity” applies will only pay the relevant redemption amount of such Note on the Scheduled Maturity Date (or the Final Redemption Date, if later) even though the Credit Event which leads to the calculation of the redemption amount occurs some time prior to the Scheduled Maturity Date. In certain circumstances, the Credit Linked Notes may redeem at zero. If “Credit Payment on Maturity” applies, the occurrence of a Credit Event will not result in the early termination of the Credit Linked Notes. Investors are therefore exposed to the risk that, following the occurrence of a Credit Event, they will not receive any payments of interest or principal from either the Interest Payment Date prior to the Event Determination Date or the Event Determination Date, if “Credit Event Accrued Interest” applies, up to the Scheduled Maturity Date.

The market price of Credit Linked Notes may be volatile and will be affected by, amongst other things, the time remaining to the maturity date, prevailing credit spreads and the creditworthiness of the relevant Reference Entity or Entities, which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

There may exist at times only limited markets for the Credit Linked Notes or no market for the Credit Linked Notes and for the obligations of the Reference Entity or Entities to which the Credit Linked Notes are linked, resulting in low or non-existent volumes of trading in the Credit Linked Notes and such obligations, and therefore a lack of liquidity and price volatility of the Credit Linked Notes and such obligations.

The primary credit risk of the Credit Linked Notes is that of the Reference Entity or Reference Entities identified in the relevant Final Terms. The occurrence of a Credit Event in relation to a relevant Reference Entity will directly and materially affect the return and/or value of an investor’s investment in the Credit Linked Notes. The likelihood of a Credit Event occurring in respect of a relevant Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the conditions of certain financial markets, political events, developments or trends in

any particular industry and changes in prevailing interest rates. Prospective investors should review each Reference Entity and conduct their own investigation and analysis with respect to the credit risk of each Reference Entity and the likelihood of a Credit Event with respect to such Reference Entity.

Set out below are additional factors to which prospective investors should have regard when considering an investment in the Credit Linked Notes.

#### ***Independent Review and Advice***

Each prospective investor is fully responsible for making its own investment decisions as to whether the Credit Linked Notes (a) are fully consistent with its (or if it is acquiring the Credit Linked Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and conditions, (b) comply and are fully consistent with all investment policies, guidelines and restrictions applicable to it (or its beneficiary) and (c) are a fit, proper and suitable investment for it (or its beneficiary).

Each prospective investor is deemed to have sufficient knowledge, experience and professional advice to make its own investment decisions, including, without limitation, its own legal, financial, tax, accounting, credit, regulatory and other business evaluation of the risks and merits of investment in the Credit Linked Notes. Prospective investors should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors.

Prospective investors should be aware that neither the Issuer nor any dealer in the Credit Linked Notes has any duty to conduct or accepts any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any Reference Entity and its Obligations, Underlying Obligations, Underlying Obligors, Reference Obligations and Deliverable Obligations. Prospective investors are solely responsible for making their own independent appraisal of, and investigation into, such matters. Investors in the Credit Linked Notes may not rely on the views or advice of the Issuer for any information in relation to any person other than the Issuer itself.

Credit Linked Notes are complex financial instruments. A prospective investor should not invest in Credit Linked Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Credit Linked Notes will perform under changing conditions, the resulting effects on the value of the Credit Linked Notes and the impact this investment will have on the prospective investor's overall investment portfolio.

Investment in the Credit Linked Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Credit Linked Notes and the risk of losing all or part of its investment in the Credit Linked Notes.

#### ***Risks related to the structure of a particular issue of the Credit Linked Notes***

Credit Linked Notes may include features which expose investors to particular risks. Set out below is a description of the most common such features:

##### ***Risk of Loss of Interest***

Save as otherwise provided in the relevant Final Terms, if a Credit Event occurs interest will cease to accrue on the Applicable Proportion of each Credit Linked Note as at the Relevant Event Determination Date.

##### ***Risk of Loss of Principal***

Unless "Principal Protected Redemption" applies, investors bear the risk of loss of principal if a Credit Event occurs. The Outstanding Aggregate Nominal Amount of the Credit Linked Notes is likely to be lower following a Credit Event and may be zero. Similarly, if "Physical Redemption" applies, the market value of the Physical Redemption Assets in respect of a Series of Credit Linked Notes (or, in the case of Linear Basket Notes, a portion thereof equal to the Reference Entity Notional Amount in respect of the Reference Entity in respect of



which a Credit Event and a Relevant Event Determination Date has occurred) is likely to be less than the outstanding principal amount of the Notes and may be zero.

In addition, Noteholders should be aware that if “Credit Payment on Maturity” applies to the Notes, then payment of the Cash Redemption Amount or Auction Redemption Amount will only be made on final redemption of the Notes notwithstanding that the Credit Event leading to the calculation of the Cash Redemption Amount or Auction Redemption Amount occurs before the Final Auction Redemption Date or Final Cash Redemption Date of the Notes and Noteholders will not receive any interim payment of interest or principal in respect of such Note.

The Auction Redemption Amount or Cash Redemption Amount or the value of the Physical Redemption Assets delivered to a Noteholder will reflect the market value of the obligations of the Reference Entity in respect of which a Credit Event occurred less a deduction for Hedge Unwind Costs (and, in the case of Credit Linked Notes to which “Physical Redemption” applies, Delivery Expenses).

### ***Risks relating to the Credit Linked Conditions and the Credit Derivatives Determinations Committees***

#### *Credit Linked Conditions*

The terms and conditions of the Credit Linked Notes do not incorporate by reference the definitions and provisions of the 2014 ISDA Credit Derivatives Definitions, as such definitions may be amended by the supplements thereto and there may be differences between the definitions used in the Conditions of the Credit Linked Notes and the Credit Derivatives Definitions. Consequently, investing in Credit Linked Notes is not exactly the same as entering into a credit default swap that incorporates the Credit Derivatives Definitions.

While ISDA has published the Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market is expected to continue to evolve and change. Consequently, the Credit Derivatives Definitions and the terms applied to credit derivatives, including Credit Linked Notes, are subject to interpretation and further evolution. Past events have shown that the views of market participants may differ as to how the Credit Derivatives Definitions operate or should operate. As a result of the continued evolution in the market, interpretation of the conditions governing the Credit Linked Notes may differ in the future because of future market standards. Such a result may have a negative impact on the Credit Linked Notes.

There can be no assurances that changes to the terms applicable to credit derivatives generally will be predictable or favourable to the Issuer or Noteholders. Future amendments or supplements to the terms applicable to credit derivatives generally will only apply to Credit Linked Notes that have already been issued if the Issuer and the Noteholders agree to amend the Credit Linked Notes to incorporate such amendments or supplements and other conditions to amending the Credit Linked Notes have been met.

The 2014 ISDA Credit Derivatives Definitions introduce new “Asset Package Delivery” provisions which enable an Asset Package to be the subject of an Auction held to determine the Auction Final Price for a Reference Entity following the occurrence of an Asset Package Credit Event. The Auction Settlement Terms have not yet been updated to reflect such Asset Package Delivery provisions. The Redemption Calculation Agent has discretion to adjust the Auction Final Price for any Asset Package if it determines that the Auction Final Price does not reflect the price for the entire Asset Package and in doing so the Redemption Calculation Agent may, but is not obliged to, have regard to any Auction Settlement Terms published by ISDA to settle credit derivatives transactions following an Asset Package Credit Event.

#### *Credit Derivatives Determinations Committees*

The Credit Derivatives Determinations Committees (each, an “ISDA DC”) were established pursuant to the March 2009 Supplements to the 2003 ISDA Credit Derivatives Definitions to make determinations that are

relevant to the majority of the credit derivatives market and to promote transparency and consistency. Further information about the ISDA DCs may be found at <https://www.cdsdeterminationscommittees.org> (or any successor website).

Whether or not a Credit Event or Succession Date has occurred, and certain decisions relating thereto, may be dependent on determinations made by an ISDA DC. In certain circumstances, determinations made by the Redemption Calculation Agent may be overridden by subsequent determinations made by an ISDA DC. If the Issuer delivers a Credit Event Notice or Succession Notice to the Issuing and Paying Agent, the Noteholders should be aware that such notice may be superseded by a determination of an ISDA DC.

In making any determination, each of the Redemption Calculation Agent and the Issuer shall have regard to and, where applicable, be bound by decisions made by an ISDA DC.

Investors, in their capacity as Noteholders, will not have the ability to refer questions to an ISDA DC since the Credit Linked Notes will not constitute an actual credit default swap transaction. As a result, Noteholders are dependent on market participants in actual credit transactions to refer specific questions to the relevant ISDA DC. Neither the Issuer nor the Redemption Calculation Agent has any duty to the Noteholders to refer, or to desist from referring, specific questions to the relevant ISDA DC.

Noteholders shall have no recourse against the Issuer, the Redemption Calculation Agent, any institutions serving on an ISDA DC or the external reviewers in the event of any loss arising directly or indirectly from any action, determination or resolution taken or made by an ISDA DC.

The Final Terms set out certain representations relating to the relevant ISDA DC which are deemed to be made by each Noteholder.

*Exposure to Reference Entities, Obligations, Underlying Obligations, Underlying Obligors, Reference Obligations and Deliverable Obligations*

Unless otherwise provided in the relevant Final Terms, investors in Credit Linked Notes are exposed to the credit risks and other risks associated with each relevant Reference Entity and their Obligations, Underlying Obligations, Underlying Obligors, Reference Obligations, Deliverable Obligations and any relevant jurisdictional risks.

The Linear Basket Notes and the First-to-Default Credit Linked Notes are linked to the credit risk of more than one Reference Entity and the likelihood of a Credit Event occurring and the risk of loss of principal or loss of interest on a Linear Basket Note or a First-to-Default Credit Linked Note may therefore be greater than for a Single Name Credit Linked Note which is linked to the credit risk of only one Reference Entity. With respect to First-to-Default Credit Linked Notes, a Credit Event in respect of just one Reference Entity in the basket will (subject to the occurrence of an M(M)R Restructuring Credit Event) lead to the redemption in full of the Credit Linked Notes. The likelihood of a Credit Event occurring in respect of any of the Reference Entities referenced by a Linear Basket Note or a First-to-Default Credit Linked Note will differ for each Reference Entity and prospective investors should conduct their own analysis of the credit risk of each of the multiple Reference Entities for the relevant Linear Basket Note or First-to-Default Credit Linked Note.

Further, in respect of Linear Basket Notes or First-to-Default Credit Linked Notes, the credit risk to Noteholders may be increased, amongst other things, as a result of the concentration of Reference Entities in a particular industry sector or geographic area, or the exposure of the Reference Entities to similar financial or other risks as other Reference Entities.

The risk that the Noteholders bear in relation to the Credit Linked Notes is a function of both the risk of a Credit Event occurring in respect of the Reference Entity or Entities and the risk relating to the amount that may be recovered following such Credit Event. Where a Credit Event results in a high recovery rate, the Noteholders

will incur a relatively small loss. Conversely, where a Credit Event results in a low recovery rate, Noteholders will incur a larger loss.

#### *Synthetic Exposure*

The Credit Linked Notes do not represent a claim against any Reference Entity and, in the event of any loss, investors in Credit Linked Notes will not have recourse under the Credit Linked Notes to any Reference Entity nor shall a Noteholder have any legal, beneficial or other interest whatsoever in any of the Obligations, the Reference Obligations or the Deliverable Obligations relating to a Credit Linked Note (except to the extent that such Deliverable Obligations are delivered to the relevant Noteholder). The Issuer is not obliged to own or hold any Obligation or Reference Obligation, and no inference may be drawn from the Programme, the Credit Linked Conditions or any relevant Final Terms that the Issuer holds any such Obligation or Reference Obligation or has any credit exposure to any Reference Entity. Amounts payable under the Credit Linked Notes are not, in any direct or indirect way, limited by, associated with, or linked or calculated by reference to, any loss of bargain, cost of funding or any other actual loss or cost suffered by the Issuer as a result of its holding or not holding any Obligation or Reference Obligation.

Neither the Issuer nor the Redemption Calculation Agent has made any investigation of, or makes any representation or warranty, express or implied, as to the existence or financial or creditworthiness or other condition of any Reference Entity or the Reference Obligation or Obligations or Deliverable Obligations of such Reference Entity or any information provided in respect of such Reference Entity. The Issuer and the Redemption Calculation Agent may, at any time, be in possession of information in relation to any Reference Entity (which may or may not be publicly available). None of such persons shall be under any obligation to make any such information available to Noteholders or any other party.

The Issuer and/or the Redemption Calculation Agent may have access to information with respect to a Reference Entity that would (or would if available from a Public Source), amongst other things, constitute Publicly Available Information with respect to a Credit Event or otherwise suggest that a Credit Event has occurred or may occur with respect to a Reference Entity. There is no obligation on the Issuer to disclose such information to any Noteholder, nor to respond to any Noteholder's enquiries or requests for information with respect to any such, or similar, event.

#### *Credit Events*

Prospective investors should note that not all Credit Events have easily ascertainable triggers and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event. However, under the Credit Linked Notes and subject to any determinations made by a Credit Derivatives Determinations Committee which will be binding on the Issuer and the Redemption Calculation Agent, the Credit Derivatives Determinations Committee and/or the Issuer's determination of a Credit Event will, in the absence of manifest error, be conclusive and binding on all persons (including, without limitation, the Noteholders), notwithstanding the disagreement of such persons or other financial institutions, rating agencies or commentators.

#### *Successors and Substitute Reference Obligations*

Following a Succession Date, one or more Successor Reference Entity(s) will (unless otherwise specified in the relevant Final Terms) be deemed to be a Reference Entity in replacement of (or in addition to, as applicable) the relevant Reference Entity originally specified in the relevant Final Terms. Further, upon a Reference Obligation ceasing to exist in the manner specified in the definition thereof, a Substitute Reference Obligation may be selected.

As a result of the circumstances discussed in the preceding paragraph, a Series of Credit Linked Notes may be linked to the credit of one or more Reference Entities and their Obligations and Reference Obligations

notwithstanding that such Reference Entities, Obligations and Reference Obligations were not specified in the relevant Final Terms upon issuance of such Series of Credit Linked Notes.

#### *Redemption after Scheduled Maturity Date*

Redemption may occur irrespective of whether the Relevant Credit Event is continuing on or after a Relevant Event Determination Date. The Auction Redemption Date or Cash Redemption Date, the Final Delivery Date or the Physical Redemption Date may be later than the Scheduled Maturity Date. In certain circumstances, delivery of Deliverable Obligations contained in the Physical Redemption Assets may be delayed to a date beyond the Physical Redemption Date. If the Issuer determines, in its sole and absolute discretion, that one or more Reference Entities is or may be subject to (a) a Credit Event, (b) if “Grace Period Extension” is specified as being applicable in the relevant Final Terms, a Potential Failure to Pay or, (c) if “Repudiation/Moratorium” is specified as being applicable in the relevant Final Terms, a Potential Repudiation/Moratorium, and no DC Credit Event Announcement, DC Credit Event Question Dismissal or DC No Credit Event Announcement has been made in respect of that Credit Event during the Credit Event Monitoring Period, the Credit Linked Notes then outstanding shall not be redeemed on the Scheduled Maturity Date but shall be redeemed instead on the Extended Maturity Date. If an extension of the Scheduled Maturity Date applies pursuant to and in accordance with Credit Linked Condition 3 (*Maturity Date Extension*), the Issuer may deliver a Credit Event Notice or the ISDA DC may make a DC Credit Announcement which will trigger settlement of the Credit Linked Notes in accordance with the Auction Redemption Terms, Physical Redemption Terms or Cash Redemption Terms as the case may be after the Scheduled Maturity Date.

#### *Issuer Discretion*

Unless, in accordance with the Credit Linked Conditions, the Credit Derivatives Determinations Committee makes a DC Credit Event Announcement or a DC No Credit Event Announcement and the Issuer is bound by such determination, the decision when and whether to deliver a Credit Event Notice and, if applicable, a Notice of Publicly Available Information, (if required to be delivered in order to trigger settlement under the Credit Linked Conditions) is at the sole and absolute discretion of the Issuer. Such notices are effective when delivered to the Issuing and Paying Agent. The delivery of or failure to deliver such notices to Noteholders will not affect the effectiveness of such notices.

#### ***Risks relating to the Credit Event Redemption Method***

The Credit Event Redemption Method specified in the relevant Final Terms will affect how the Credit Linked Notes are redeemed. Prospective investors should assess whether the Credit Event Redemption Method is appropriate for them prior to investing in the Credit Linked Notes.

#### *Physical Redemption*

Where “Physical Redemption” applies, subject to the provisions of Credit Linked Condition 6 (*Physical Redemption Terms*) (as summarised below in the risk factors headed “Redemption Failure/Alternative Redemption”, “Noteholder Obligations” and “Impossibility and Illegality”) the Issuer will select Deliverable Obligations (the “Physical Redemption Assets”) to deliver to the Noteholders. The Issuer will then satisfy its obligations under the Credit Linked Notes by the delivery in respect of each Credit Linked Note of its proportion of such Deliverable Obligations. The Issuer is entitled to select deliverable obligations with the lowest value in the market at the relevant time, provided such obligations satisfy certain specifications and limits for qualification as a Deliverable Obligation. This will operate to reduce the value of the assets delivered to the Noteholder upon redemption.

Some Deliverable Obligations may have no, or only a limited, trading market, or may be subject to restrictions on transfer, either of which may operate to reduce their value. The liquidity of obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the

financial condition of the relevant Reference Entity/Entities. The financial markets have experienced periods of volatility and reduced liquidity which may re-occur and reduce the market value of the relevant Deliverable Obligations.

#### *Asset Package Delivery*

In the event that a Governmental Intervention Credit Event or certain Restructuring Credit Events which, in each case, constitute an Asset Package Credit Event, occurs the obligations that may be delivered to Noteholders may include the Asset Package received or retained by a Relevant Holder in place of the Prior Deliverable Obligation or Package Observable Bond in connection with such Asset Package Credit Event. Such Asset Package may be comprised of illiquid assets and/or may be worth significantly less than the original Prior Deliverable Obligation or Package Observable Bond prior to such Asset Package Credit Event. The Issuer has an option to pay Noteholders the Asset Package Cash Redemption Amount in lieu of delivering all or part of the Asset Package.

#### *Redemption Failure/Alternative Redemption*

In relation to a Credit Linked Note to which “Physical Redemption” applies, if a Redemption Failure Event occurs, the Credit Linked Note may be subject to alternative settlement and may, in certain circumstances, be redeemed without any payment or Delivery by the Issuer. If all or part of the Physical Redemption Assets to be delivered to a Noteholder is not a whole integral number of the smallest unit of transfer for such Physical Redemption Assets as at the relevant time for Delivery, the Issuer may Deliver such whole integral amount of the Physical Redemption Assets and cash settle the fractional shortfall.

If the Auction Redemption Amount or Cash Redemption Amount in respect of such Note cannot be paid when due as a result of a Redemption Failure Event, the Noteholder, after providing a release and indemnity to the satisfaction of the Issuer, may request such payment to be made to an account or person not affected by such Redemption Failure Event, provided that, if such Redemption Failure Event is continuing for 90 calendar days after the Scheduled Maturity Date or other scheduled payment or delivery date (including the Auction Redemption Date, the Cash Redemption Date or a date scheduled to be the Delivery Date), in respect of an amount to be paid by the Issuer, if the Noteholder has not requested such payment to be made to an account or person not affected by such Redemption Failure Event, the Issuer’s obligations in respect of such payment will be discharged and, in respect of an amount to be delivered, if “Fallback Cash Redemption” applies, the Issuer’s obligation shall be satisfied by fallback cash redemption at the market value of the Deliverable Obligations which would otherwise have been delivered determined by the Issuer and if “Fallback Cash Redemption” does not apply, the Issuer’s obligations in respect of such delivery will be discharged.

#### *Noteholder Obligations*

In relation to a Credit Linked Note to which “Physical Redemption” applies, the Issuer’s obligation to Deliver the relevant portion of the Physical Redemption Assets is subject to various conditions, including, without limitation, the obligation of the Noteholder to deliver to the Issuer a Deliverable Obligation Notice within the prescribed time frame. If a Noteholder fails to do so, the obligations of the Issuer to that Noteholder may be discharged either, if “Fallback Cash Redemption” applies, by fallback cash redemption at the market value of the Physical Redemption Assets determined by the Issuer and if “Fallback Cash Redemption” does not apply, without any payment or Delivery. In any event, no payment or Delivery will be made in respect of a Credit Linked Note to which “Physical Redemption” applies unless the Issuer has received any required instructions, certifications, information and, where applicable, the relevant Credit Linked Note has been delivered and surrendered in accordance with the terms of the Agency Agreement, the Conditions and the terms of any relevant Global Credit Linked Note.

### *Impossibility and Illegality*

In relation to a Credit Linked Note to which “Physical Redemption” Terms applies, if as a result of the application of the provisions of Credit Linked Condition 6 (*Physical Redemption Terms*) it is impossible or illegal for the Issuer to Deliver (by reason of an impossibility or illegality, non-receipt of requisite consents of Consent Required Loans or Assignable Loans included in the Physical Redemption Assets, the inclusion in the Physical Redemption Assets of Participations not effected by the Latest Permissible Physical Redemption Date or for any other reason specified in such Credit Linked Conditions), then Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*) relating to partial cash settlement may apply in respect of any undeliverable portion of the Physical Redemption Assets. If such partial cash settlement does not apply, then in respect of the portion of the Physical Redemption Assets for which it is not possible or legal to take Delivery on the Physical Redemption Date, such Delivery will take place as soon as practicable thereafter in accordance with the provisions of the Credit Linked Conditions and in any event on or before the Latest Permissible Physical Redemption Date. The Issuer’s obligations will be deemed to be fully discharged with respect to such Credit Linked Note as at the date on which the relevant portion of the Physical Redemption Assets has been fully Delivered (if any) or otherwise as at the date immediately following the Latest Permissible Physical Redemption Date.

### *Auction Redemption*

If “Auction Redemption” is specified as being applicable in respect of the Credit Linked Notes, then the amounts payable by and/or rights and obligations of the parties under the Credit Linked Notes in respect of the relevant Reference Entity or Reference Obligation will be determined in accordance with the Auction Final Price. This may result in a lower recovery value than a Reference Entity or Reference Obligation would have if such Auction Final Price had not been used.

If “Auction Redemption” is specified as being applicable with respect to the Credit Linked Notes but a Credit Derivatives Determinations Committee does not decide to conduct an Auction with respect to obligations of the relevant Reference Entity satisfying the relevant characteristics as set out in the relevant Final Terms, then the Fallback Redemption Method shall apply. In such circumstances, either, if “Cash Redemption” is the Fallback Redemption Method, the Final Price will be determined pursuant to the Valuation Method or, if “Physical Redemption” is the Fallback Redemption Method, the Issuer will Deliver to Noteholders the Physical Redemption Assets.

Noteholders should note that they will not be able to deliver a Customer Physical Settlement Request (as defined in the Credit Derivatives Auction Settlement Terms) to the Issuer in respect of their holding of Credit Linked Notes.

In the event of a Governmental Intervention Credit Event or certain Restructuring Credit Events which constitute an Asset Package Credit Event, the Auction Final Price may be determined by reference to the value of the Asset Package received or retained by a Relevant Holder in place of the Prior Deliverable Obligation or Package Observable Bond in connection with such Asset Package Credit Event. Such Asset Package may be worth significantly less than the original Package Observable Bond prior to such Asset Package Credit Event and may result in a significantly lower Auction Redemption Amount being paid out to Noteholders than would have been the case following the relevant Credit Event had the Auction Final Price been determined only by reference to Deliverable Obligations.

### *Cash Redemption*

If “Cash Redemption” is specified as being applicable in the relevant Final Terms with respect to the Credit Linked Notes or “Cash Redemption” is the Fallback Redemption Method, then the Redemption Calculation Agent will value the Reference Obligation or any other obligation of the Reference Entity fulfilling certain criteria including the Deliverable Obligation Category and Deliverable Obligation Characteristics by asking for

quotations from Quotation Dealers. The date, time and method of such auction, and the selection of the Reference Obligation, will impact the Final Price. The Quotation Dealers selected by the Redemption Calculation Agent must be financial institutions, funds or other entities that purchase or deal in obligations similar to the Reference Obligation and may include the Issuer or any guarantor; however, the Quotation Dealers have no duty towards any Noteholder and may not be aware that the purpose of the auction is to determine a Final Price for purposes of the Credit Linked Notes or any other Credit Linked Notes.

Investors should note that the Final Price determined pursuant to a dealer poll may be significantly different to the Auction Final Price.

In the event of a Governmental Intervention Credit Event or certain Restructuring Credit Events which constitute an Asset Package Credit Event, the Final Price may be determined by reference to the value of the Asset Package received or retained by a Relevant Holder in place of the Prior Deliverable Obligation or Package Observable Bond which would otherwise have been valued in order to determine the Final Price. Such Asset Package may be worth significantly less than the original Prior Deliverable Obligation or Package Observable Bond prior to such Asset Package Credit Event and may result in a significantly lower Cash Redemption Amount being paid out to Noteholders than would have been the case following the relevant Credit Event had the Final Price been determined only by reference to Deliverable Obligations.

#### *Fixed Recovery Redemption*

If “Fixed Recovery Redemption” is the applicable Credit Event Redemption Method, the occurrence of a Credit Event may result in the recovery for Noteholders being materially lower than the prevailing price of the relevant obligations of the relevant Reference Entity.

#### *Credit Payment on Maturity*

If “Credit Payment on Maturity” applies, the occurrence of a Credit Event will not result in the early redemption of the Credit Linked Notes. Investors are therefore exposed to the risk that, following the occurrence of a Credit Event, they will not receive any interest payments under the Notes from the Interest Payment Date prior to the Event Determination Date (or the Event Determination Date if ‘Credit Event Accrual Interest’ applies) until the final redemption of the Notes, and the Cash Redemption Amount or Auction Redemption Amount, as applicable, will only be payable on final redemption of the Notes.

#### *Other risk factors*

##### *Leverage*

Certain Credit Linked Notes may be leveraged or highly leveraged investments, including, without limitation, Credit Linked Notes linked to a notional amount of one or more Reference Entities or Reference Obligations exceeding the Original Aggregate Nominal Amount of the Credit Linked Notes. The use of leverage is a speculative investment technique to enhance returns. However, leverage also will magnify the adverse impact of Credit Events.

##### *Hedging*

In the ordinary course of their business, including without limitation in connection with their market-making activities, the Issuer, the Quotation Dealers and/or any Agent or any Affiliate of any of them (each such entity, a “Programme Party”) may effect transactions for their own account or for the account of their customers and hold long or short positions in any applicable Reference Obligation or related derivatives. In addition, in connection with the offering of the Credit Linked Notes, the Issuer and/or its Affiliates may enter into one or more hedging transactions with respect to any applicable Reference Obligation or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its Affiliates, the Issuer and/or any other of its Affiliates may enter into

transactions with respect to any applicable Reference Obligation or related derivatives which may affect the market price, liquidity or value of the Credit Linked Notes and which could be deemed to be adverse to the interests of the relevant Noteholders. The Issuer and/or any other of its Affiliates may pursue such hedging or related derivatives actions and take such steps as they deem necessary or appropriate to protect their interests without regard to the consequences for any Noteholder.

#### *Hedge Unwind Costs*

Any redemption amounts payable to Noteholders following the occurrence of a Credit Event will reflect the Hedge Unwind Costs, if applicable, of the Issuer. These relate to the costs and expenses incurred by the Issuer in redeeming the Notes early or terminating, liquidating, obtaining or re-establishing any related funding, hedging or trading position in connection with the Notes or a result of a Credit Event occurring. These costs are not known at the Issue Date of the Credit Linked Notes and will depend on interest rates and borrowing costs in the future. Where the Hedge Unwind Costs are negative, the relevant redemption amount will be increased. However, where the Hedge Unwind Costs are positive, the relevant redemption amount will be reduced.

The Issuer is not under any duty to hedge itself with respect to any Credit Linked Notes, nor is it required to hedge itself in a manner that will result in the lowest Hedge Unwind Costs. Investors should be aware that, if Hedge Unwind Costs are greater than the applicable Recovery Amount, the Auction Redemption Amount or Cash Redemption Amount, as applicable, will be zero.

#### *No Guarantee of Performance*

The Credit Linked Notes constitute direct, unsubordinated and unsecured obligations of the Issuer that are linked to the credit risk of each Reference Entity and/or Reference Obligation specified in the relevant Final Terms. No Programme Party guarantees the performance of or otherwise stands behind the performance of any Reference Entity or Reference Obligation or is under any obligation to make good losses suffered as a result of Credit Events.

#### *Provision of Information*

The Issuer may, at the date hereof or at any time hereafter, be in possession of information in relation to any Reference Entity, any Affiliate of a Reference Entity, any Reference Obligation or any guarantor that is or may be material in the context of an issue of Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer to disclose to Noteholders any such information, except for the Issuer's obligations to disclose inside information, regulated information and significant new factors in relation to the information contained in this Prospectus under any applicable regulatory requirements.

#### *No Representations*

The Issuer does not make any representation, express or implied, as to any Reference Entity or any Reference Obligation or the credit quality thereof, or any information contained in any documents provided by any Reference Entity or filed by a Reference Entity with any exchange or with any governmental authority.

#### *Redemption Calculation Agent*

All calculations and determinations made by the Redemption Calculation Agent in relation to the Credit Linked Notes are final and binding on the Issuer, the Issuing and Paying Agent, any other agents and the Noteholders.

In selecting any Deliverable Obligations or in making any other selection in accordance with the Credit Linked Conditions, the Redemption Calculation Agent is not under any obligation to the Noteholders or any other person and, provided that such selection meets the criteria specified, the Redemption Calculation Agent will not be liable (in any capacity whatsoever) to account to the Noteholders or any other person for any profit or other benefit to it which may result directly or indirectly from any such selection.

#### *Correlation between Credit Risk of the Reference Entity and Credit Events*



Generally, there may be a correlation between the credit risk of a Reference Entity and the occurrence of a Credit Event in respect of such Reference Entity. Market perception may also affect the value of the Notes.

*Correlation Risks in the case of more than one Reference Entity*

The market price of Notes linked to more than one Reference Entity may be adversely affected by the correlation between Reference Entities. A positive correlation indicates that the probability of the occurrence of Credit Events of two Reference Entities tend to move in the same direction which could have the potential to increase losses accruing to Noteholders in the event that such a Credit Event occurs. A negative correlation indicates that the Credit Event probability moves in the opposite direction. The degree of correlation can also change over time. Depending on the structure of the Notes, a change in correlation can therefore have a positive or negative effect on the market value of the Notes.

*Correlation Risks between the Issuer and the Reference Entity(ies)*

In addition to credit risk of the Reference Entity or Entities identified in the relevant Final Terms, investors are also exposed to the credit risk of the Issuer. In certain circumstances, such as times of general market stress, there may be a correlation between the credit risk of the Reference Entity or Entities and the Credit Risk of the Issuer, meaning that overall risk for the investor will be increased.

**General risk factors**

Each of the risks described under these “General risk factors” could adversely affect the trading price of the Credit Linked Notes or the rights of Noteholders under the Credit Linked Notes and, as a result, investors could lose some or all of their investment. The Issuer may be unable to pay or deliver amounts on or in connection with the Credit Linked Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Credit Linked Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in the relevant Final Terms (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Each prospective investor in the Credit Linked Notes must determine the suitability of an investment in the Credit Linked Notes in light of its own circumstances. In particular, but without limitation, each prospective investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Credit Linked Notes, the merits and risks of investing in the Credit Linked Notes and the information contained or incorporated by reference in the Base Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Credit Linked Notes, the risks in connection with an investment in the Credit Linked Notes and the impact the Credit Linked Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Credit Linked Notes, including Credit Linked Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the prospective investor’s currency;
- (d) understand thoroughly the terms of the Credit Linked Notes and be familiar with common market terms, market-standard methodologies and the behaviour of any relevant Credit Linked Notes, assets and/or financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Credit Linked Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in Credit Linked Notes unless it is financially sophisticated and has the requisite specialist expertise (either alone or with a financial adviser) to evaluate how the Credit Linked Notes will perform under changing conditions, the resulting effects on the value of the Credit Linked Notes and the impact this investment will have on the prospective investor's overall investment portfolio.

The original issue price of the Credit Linked Notes may include amounts in respect of certain commissions paid with respect to the distribution of the Credit Linked Notes together with certain costs (borne by the Issuer) of hedging the Credit Linked Notes. The price at which the Issuer may be willing to purchase the Credit Linked Notes in the secondary market, all other factors being equal, is likely to be less than the original issue price, since the original issue price included, and secondary market prices are likely to exclude, those commissions and the projected profit included in such hedging costs. Any such secondary market prices may differ from values determined by pricing models used by the Issuer.

Several factors may influence the value of the Credit Linked Notes (and, if such value is adversely affected, investors could lose some or all of their investment). These factors include:

- (a) the actual or perceived creditworthiness and credit ratings of each Reference Entity and any guarantors or other supporters of its relevant obligations;
- (b) the degree of correlation between the creditworthiness of a Reference Entity and that of each other Reference Entity and the Issuer (as discussed above in "Correlation Risks in the case of more than one Reference Entity" and "Correlation Risks between the Issuer and the Reference Entity(ies)");
- (c) expected rates of recovery on obligations of the Reference Entity;
- (d) actions of a Reference Entity and its principal creditors;
- (e) the nature of each Reference Entity's outstanding indebtedness, including its maturity and subordination structure and any guarantees or other support that the Reference Entity has provided to other entities;
- (f) the Credit Events specified as applicable in the relevant Final Terms with respect to a Reference Entity that may trigger early redemption of the Credit Linked Notes;
- (g) Issuer optionality, such as the ability to select the obligations of a Reference Entity that will be delivered or valued or to decide whether or not to trigger settlement;
- (h) correlation among the credit spreads and/or default probabilities of the components of a basket, if applicable;
- (i) market liquidity for a particular type of Credit Linked Notes;
- (j) interest rates payable under the Credit Linked Notes;
- (k) the time remaining to the maturity of the Credit Linked Notes; and
- (l) economic, financial, political and regulatory or judicial events or conditions that affect any Reference Entity or its outstanding obligations, or the market for Credit Linked Notes generally or related financial markets, including credit spreads in the market, market liquidity or Credit Transactions relative to the liquidity of related cash instruments or related credit derivatives, and liquidity for secondary assignments of credit derivatives generally.

The Credit Linked Notes constitute unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding (other than obligations preferred by mandatory operation of law).

A prospective investor may not rely on the Issuer in connection with its determination as to the legality, advisability or suitability of its acquisition of the Credit Linked Notes or as to the other matters referred to above.

Neither the Issuer nor any of its employees, directors or other connected persons has any duty, obligation or responsibility towards a Noteholder unless otherwise agreed in writing with that Noteholder. In particular, without limiting the foregoing, the Issuer need not provide information to, act on the instruction or request of, find alternative mechanisms for realising money for, or take into account the views of, any Noteholder. In taking action against third parties, the Issuer may combine holdings of debt, Credit Linked Notes or other interests as they shall see fit and apply proceeds thereof, as they shall see fit. The Issuer may only waive contractual obligations in respect of the Credit Linked Notes in writing.

Notwithstanding anything to the contrary in the Conditions, certain notices under the Credit Linked Conditions are required to be delivered to the Issuing and Paying Agent and the Issuing and Paying Agent must deliver a copy to the Noteholders and other notices which are required to be delivered to the Noteholders under the Credit Linked Conditions must, in the first instance be delivered by the Issuer to the Issuing and Paying Agent. In both cases, notices are deemed to be effective from the date and time of delivery to the Issuing and Paying Agent, regardless of whether the Noteholders have received, or have any ability to receive, such notice at such time.

The Issuer has not assumed and does not assume any responsibility for the lawfulness of the acquisition of the Credit Linked Notes by a prospective investor of the Credit Linked Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it. Prospective investors should consult with their own legal advisors in determining whether, and to what extent (a) the Credit Linked Notes will constitute legal investments for them and the consequences of such an investment, (b) Credit Linked Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Credit Linked Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Credit Linked Notes under any applicable risk-based capital or similar rules.

There can be no assurance that a secondary market for any of the Credit Linked Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Credit Linked Notes with liquidity or that it will continue for the life of the Credit Linked Notes. A decrease in the liquidity of an issue of Credit Linked Notes may cause, in turn, an increase in the volatility associated with the price of such issue of Credit Linked Notes. Illiquidity may have a severely adverse effect on the market value of Credit Linked Notes. Any prospective investor in the Credit Linked Notes must be prepared to hold such Credit Linked Notes until redemption or expiry of the Credit Linked Notes. The Issuer may, but is not obliged to, purchase Credit Linked Notes at any time at any price in the open market or by tender or private treaty and may hold, resell or cancel them. The market for Credit Linked Notes may be limited.

In making calculations and determinations with regard to the Credit Linked Notes, there may be a difference of interest between the Noteholders and the Issuer. The Issuer is required to act in a commercially reasonable manner but does not have any obligations of agency or trust for any Noteholder and has no fiduciary obligations towards them. In particular the Issuer may have interests in other capacities (such as other business relationships and activities).

If the amount payable on redemption, exercise or expiry of the Credit Linked Notes is less than their issue price, investors may lose all or part of their investment.

In certain circumstances the Issuer may make adjustments to the terms of the Credit Linked Notes or redeem or cancel them at their fair market value as determined by it without the consent of the Noteholders.

The level and basis of taxation on the Credit Linked Notes and on the investors and any reliefs from such taxation depend on the investor's individual circumstances and could change at any time. The tax and regulatory characterisation of the Credit Linked Notes may change over the life of the Credit Linked Notes. This could have adverse consequences for investors. Prospective investors will therefore need to consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption or enforcement of the Credit Linked Notes.

The Issuer makes no representation as to the present or future value of the Credit Linked Notes. The market value can be expected to fluctuate significantly and investors should be prepared to assume the market risks associated with these Credit Linked Notes.

The obligations of the Issuer to make any payments under the Credit Linked Notes are subject to the risk of default of the Issuer. The value of the Credit Linked Notes is dependent on the creditworthiness of the Issuer, which may vary over the term of the Credit Linked Notes.

If investors are required to sell the Credit Linked Notes prior to maturity, investors could receive significantly less than their initial investment.

No person has been authorised by the Issuer to give any information or advice or to make any representation in connection with the issue or sale of the Credit Linked Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

The distribution of any Final Terms and the offering or sale of the Credit Linked Notes in certain jurisdictions may be restricted by law. Persons into whose possession any Final Terms come are required by the Issuer to observe any such restriction. Any Final Terms are not intended as an offer or solicitation for the purchase or sale of any financial instrument in any jurisdiction where such offer or solicitation would violate the laws of such jurisdiction.

Any Final Terms are not, nor purport to be or contain, investment advice. None of the Issuer, the Redemption Calculation Agent or any other Agent (including any directors, officers or employees thereof) is acting as an investment adviser or providing, or undertaking to provide, advice of any other nature, or assumes any fiduciary obligation, to any prospective investor in Credit Linked Notes, or accepts any such responsibility or duty to any third party into whose possession any relevant Final Terms or other information in connection with the Credit Linked Notes comes.

Neither the Issuer nor the Redemption Calculation Agent has given to any prospective investor in Credit Linked Notes (either directly or indirectly) any assurance or guarantee as to the merits, performance or suitability of such Credit Linked Notes and no such assurance or guarantee will be given. Neither the Issuer nor the Redemption Calculation Agent assumes any obligation or liability whatsoever to such investor in such regard and the prospective investor should be aware that Issuer is acting as an arm's-length contractual counterparty and not as an adviser or fiduciary.

## **PART B: CREDIT LINKED CONDITIONS**

The following are the conditions (the “**Credit Linked Conditions**”) that will apply to the Notes (the “**Credit Linked Notes**”) if the relevant Final Terms indicate that “Credit Linked Conditions” are applicable. These Credit Linked Conditions apply as completed by the relevant Final Terms. In the case of any inconsistency between these Credit Linked Conditions and the Conditions, these Credit Linked Conditions will prevail.

Words and expressions defined or used in the relevant Final Terms shall have the same meanings where used in these Credit Linked Conditions unless the context otherwise requires or unless otherwise stated. All capitalised terms that are not defined in these Credit Linked Conditions or elsewhere in the Conditions applicable to the Credit Linked Notes will have the meanings given to them in the relevant Final Terms. References in these Credit Linked Conditions to “Credit Linked Notes” are to the Credit Linked Notes, as the case may be, of one Series only, not to all Credit Linked Notes that may be issued under the Programme.

Unless otherwise specified, references in these Credit Linked Conditions to a Credit Linked Condition are to the corresponding provision of these Credit Linked Conditions.

## 1 Redemption of Credit Linked Notes

### (a) Redemption on the Maturity Date

Unless the Credit Linked Notes have been previously redeemed or purchased and cancelled by the Issuer, provided that a Relevant Event Determination Date has not occurred and subject to Maturity Date Extension pursuant to Credit Linked Condition 3 (*Maturity Date Extension*), the Credit Linked Notes shall be redeemed in full on the Scheduled Maturity Date.

### (b) Redemption following the occurrence of a Credit Event

Unless previously redeemed or purchased and cancelled, if the Redemption Calculation Agent determines in its sole and absolute discretion that a Relevant Credit Event has occurred during the Credit Event Monitoring Period and a Relevant Event Determination Date has occurred, the Issuer will redeem the Applicable Proportion of each Credit Linked Note as follows:

- (i) if “Cash Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms (or if “Cash Redemption” is specified as the Fallback Redemption Method and Credit Linked Condition 5 (*Auction Redemption Terms*) requires that the Issuer redeems the Notes in accordance with Credit Linked Condition 7 (*Cash Redemption Terms*)), by payment of, in the case of Notes to which Credit Payment on Maturity does not apply, the Cash Redemption Amount on the relevant Cash Redemption Date and, in the case of Notes to which Credit Payment on Maturity applies, the Final Cash Redemption Amount on the Final Cash Redemption Date in accordance with Credit Linked Condition 7 (*Cash Redemption Terms*);
- (ii) if “Physical Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms (or if “Physical Redemption” is specified as the Fallback Redemption Method and Credit Linked Condition 5 (*Auction Redemption Terms*) requires that the Issuer redeems the Notes in accordance with Credit Linked Condition 6 (*Physical Redemption Terms*)), by Delivery of the Physical Redemption Assets by the relevant Physical Redemption Date and payment of the Portfolio Shortfall Proceeds in accordance with Credit Linked Condition 6 (*Physical Redemption Terms*) of these Credit Linked Conditions;
- (iii) if “Auction Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms, by payment of, in the case of Notes to which Credit Payment on Maturity does not apply, the Auction Redemption Amount on the relevant Auction Redemption Date and, in the case of Notes to which Credit Payment on Maturity applies, the Final Auction Redemption Amount on the Final Auction Redemption Date in accordance with Credit Linked Condition 5 (*Auction Redemption Terms*) of these Credit Linked Conditions;
- (iv) if “Cash or Physical Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms, as set out in sub-paragraph (i) or (ii) of this Credit Linked Condition 1(b) at the option of the Issuer in its sole and absolute discretion and notified to Noteholders;
- (v) if “Cash or Physical Redemption or Auction Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms, as set out in sub-paragraph (i), (ii) or (iii) of this Credit Linked Condition 1(b) at the option of the Issuer in its sole and absolute discretion and notified to Noteholders;
- (vi) if “Principal Protected Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms, the provisions of Credit Linked Condition 11 (*Principal Protected Redemption Terms*) shall apply; or

- (vii) if “Fixed Recovery Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms, the provisions of Credit Linked Condition 12 (*Fixed Recovery Redemption Terms*) shall apply,

in each case subject to Credit Linked Condition 10 (*Effect of DC Announcements*).

Upon discharge by the Issuer of its payment or delivery obligations on the Cash Redemption Date or Auction Redemption Date (or, if the relevant Cash Redemption Amount or the Auction Redemption Amount is zero, upon the occurrence of the Cash Redemption Date or Auction Redemption Date, as applicable) or on the Physical Redemption Date or, in the case of Notes to which Credit Payment on Maturity applies, on the Final Cash Redemption Date or Final Auction Redemption Date, as the case may be, pursuant to Credit Linked Condition 5 (*Auction Redemption Terms*), 6 (*Physical Redemption Terms*) or 7 (*Cash Redemption Terms*), as applicable, or as otherwise provided herein, the Issuer’s obligations in respect of the Applicable Proportion of each Note shall be discharged in full.

(c) *Redemption other than following the occurrence of a Credit Event*

If the Credit Linked Notes are redeemed early for any reason other than following the occurrence of a Relevant Credit Event in accordance with Credit Linked Condition 1(b) (*Redemption following the occurrence of a Credit Event*), the Credit Linked Notes shall be redeemed by payment of the Early Redemption Amount in accordance with Condition 6 (*Redemption and Purchase*).

(d) *Credit Event Notice and Notice of Publicly Available Information*

- (i) If a Credit Event Notice and, if applicable, a Notice of Publicly Available Information is required to be delivered for an Event Determination Date to occur, upon receiving notification of the occurrence of a Credit Event from the Redemption Calculation Agent, the Issuer shall deliver a Credit Event Notice and, if applicable, a Notice of Publicly Available Information to the Issuing and Paying Agent and the Issuing and Paying Agent will deliver a copy of the Credit Event Notice and, if applicable, the Notice of Publicly Available Information to the Noteholders in accordance with Condition 14 (*Notices*) by the later of the Scheduled Maturity Date and the Extended Maturity Date (provided that failure to deliver a copy of such Credit Event Notice and/or such Notice of Publicly Available Information to the Noteholders shall not affect the effectiveness of the Credit Event Notice and/or the Notice of Publicly Available Information, as determined by the Redemption Calculation Agent, or the rights of the Issuer to redeem the Applicable Proportion of each Credit Linked Note).
- (ii) If a Credit Event Notice is not required to be delivered in order for an Event Determination Date to occur, upon receiving notification of the occurrence of a Credit Event from the Redemption Calculation Agent, the Issuer shall give written notice not less than five Business Days prior to the date for redemption of the Notes (or a portion thereof) containing the same information as would be required to be included in a Credit Event Notice to the Issuing and Paying Agent and the Issuing and Paying Agent will deliver a copy of such notice to the Noteholders in accordance with Condition 14 (*Notices*) by the later of the Scheduled Maturity Date and the Extended Maturity Date (provided that any failure to give such notice to the Issuing and Paying Agent or Noteholders shall not affect any determinations made by the Redemption Calculation Agent or the rights of the Issuer to redeem the Applicable Proportion of each Credit Linked Note).
- (iii) The Redemption Calculation Agent’s determination of a Credit Event will, in the absence of manifest error and subject to the definition of “Event Determination Date”, be conclusive and binding on all persons (including, without limitation, the Issuing and Paying Agent and each Noteholder).

(iv) None of the Issuer, the Redemption Calculation Agent, the Issuing and Paying Agent or any other agent will have any liability whatsoever for the failure of the Redemption Calculation Agent for any reason to determine that a Credit Event has occurred or with respect to the Issuer's timing as to when to deliver a Credit Event Notice (or any such other notice required to be delivered by the Issuer to the Issuing and Paying Agent, the Noteholder(s) or any other party in accordance with these Credit Linked Conditions including a Notice of Publicly Available Information or Notice of Physical Settlement) nor will they have any duty or responsibility to investigate or check whether any Credit Event has, or may have, occurred or may be continuing. In addition, the failure of the Issuer or the Issuing and Paying Agent to deliver the Credit Event Notice shall not affect the effectiveness of any determination made, or any other notice delivered, by the Issuer or the Redemption Calculation Agent in respect of a relevant Reference Entity.

(e) *Relevant Time*

- (i) Subject to Credit Linked Condition 17 (*Notices*) and sub-paragraph (ii) of this Credit Linked Condition 1(e) (*Relevant Time*), in order to determine the day on which an event occurs for the purposes of these Credit Linked Conditions, the demarcation of days shall be made by reference to Greenwich Mean Time (or Tokyo time if the Redemption Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity), irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.
- (ii) Notwithstanding the definition of "Credit Event Notice" and sub-paragraph (i) of this Credit Linked Condition 1(e) (*Relevant Time*), if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or Tokyo time if the Redemption Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity), irrespective of the time zone of its place of payment.

## 2 Interest on Credit Linked Notes

(a) *Accrual of Interest where a Relevant Event Determination Date has not occurred*

Provided that a Relevant Credit Event has not occurred in respect of a Reference Entity during the Credit Event Monitoring Period then, subject to Credit Linked Condition 2(b) (*Suspension of Interest following an Applicable DC Credit Event Question*), interest (if any) shall accrue on the Outstanding Aggregate Nominal Amount of the Credit Linked Notes in accordance with Condition 5 (*Interest*) (as completed by the relevant Final Terms).

(b) *Suspension of Interest following an Applicable DC Credit Event Question*

Subject to Credit Linked Condition 2(c) (*Payment of Suspended Interest following an Applicable DC Credit Event Question*), if an Applicable DC Credit Event Question is made on or prior to any Interest Payment Date in respect of which a DC Resolution has not been published prior to such Interest Payment Date, the payment of interest (if any) in respect of the Applicable Proportion of each Note scheduled to be paid to Noteholders on or about such Interest Payment Date will be suspended.

(c) *Payment of Suspended Interest following an Applicable DC Credit Event Question*

If, in connection with an Applicable DC Credit Event Question:

- (i) an Applicable DC No Credit Event Announcement or an Applicable DC Credit Question Dismissal is made, payment of the suspended interest will be made five Business Days after the



date of the Applicable DC No Credit Event Announcement or Applicable DC Credit Question Dismissal, as applicable;

- (ii) an Applicable DC Credit Event Announcement is made but the Calculation Agent determines that the Event Determination Date relating thereto is a date falling after such Interest Payment Date payment of the suspended interest shall be paid on the earlier of the Redemption Date in respect of the Applicable Percentage of each Note being redeemed and the Scheduled Maturity Date;
- (iii) an Applicable DC Credit Event Announcement is made and the Redemption Calculation Agent determines that the Event Determination Date relating thereto is a date falling on or prior to such Interest Payment Date, any payment of interest suspended under Credit Linked Condition 2(b) (*Suspension of Interest following an Applicable DC Credit Event Question*) in respect of interest that would have accrued in accordance with Condition 5 (*Interest*) from, and including, the Interest Payment Date immediately preceding the date on which the Applicable DC Credit Event Question was made to, but excluding the Event Determination Date shall be paid on the earlier of the Redemption Date in respect of the Applicable Proportion of the Notes being redeemed and the Scheduled Maturity Date; or
- (iv) save for the portion of suspended interest relating to the Applicable Proportion of each Note, payment of the remaining portion of suspended interest will be made five Business Days after the date on which the relevant Credit Event Notice is delivered.

(d) *Adjustment Payments in respect of Suspended Interest*

No additional amount in respect of interest and no adjustment shall be made to the amount of any interest in connection with the delay or postponement of any payment of interest pursuant to Credit Linked Condition 2(b) (*Suspension of Interest following an Applicable DC Credit Event Question*) above.

(e) *Notice of Suspended Interest*

The Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 14 (*Notices*) as soon as reasonably practicable should any payment of interest on their Notes be suspended pursuant to Credit Linked Condition 2(b) (*Suspension of Interest following an Applicable DC Credit Event Question*).

(f) *Accrual of Interest on Credit Event*

If the Redemption Calculation Agent determines that a Relevant Credit Event has occurred in respect of a Reference Entity during the Credit Event Monitoring Period then, notwithstanding anything to the contrary in Condition 5 (*Interest*), interest will cease to accrue on the Applicable Percentage of the Credit Linked Notes on the Event Determination Date.

The interest accrued between (x) the Interest Payment Date occurring immediately preceding the Relevant Event Determination Date and (y) the Relevant Event Determination Date shall be payable on the Auction Redemption Date, the Physical Redemption Date or the Cash Redemption Date (as applicable).

For the avoidance of doubt, interest (if any) shall continue to accrue on the remaining portion of the Credit Linked Notes then outstanding.

(g) *Accrual of Interest on Credit Event – Credit Payment on Maturity*

If Credit Payment on Maturity applies and the Redemption Calculation Agent determines that a Relevant Credit Event has occurred in respect of a Reference Entity during the Credit Event Monitoring Period

then, notwithstanding that the Final Cash Redemption Amount or the Final Auction Redemption Amount shall be payable on the Final Cash Redemption Date or Final Auction Redemption Date (as applicable), interest shall cease to accrue on the Applicable Proportion of each Credit Linked Note in accordance with Credit Linked Condition 2(f) (*Accrual of Interest on Credit Event*). Where Credit Payment on Maturity applies, following the occurrence of a Credit Event, if the Scheduled Maturity Date is defined in the relevant Final Terms by reference to an Interest Payment Date, then the Scheduled Maturity Date shall be the date which would have been such Interest Payment Date notwithstanding that, due to the occurrence of a Credit Event, interest has ceased to accrue in accordance with Credit Linked Condition 2(f) (*Accrual of Interest on Credit Event*).

(h) *Adjustment Payment*

If, in accordance with the provisions above, following the determination of an Event Determination Date, such Event Determination Date is deemed either to have occurred on a date that is different from the date that was originally determined to be the Event Determination Date or not to have occurred, or an Event Determination Date is deemed to have occurred prior to a preceding Interest Payment Date, the Redemption Calculation Agent will determine (A) the adjustment payment, if any, that is payable to reflect any change that may be necessary to the amount previously calculated and/or paid in respect of the relevant Series and (B) the date in which such adjustment payment is payable, if any. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

### 3 Maturity Date Extension

- (a) Where the Redemption Calculation Agent determines on or prior to the Scheduled Maturity Date, in its sole and absolute discretion, that (1) one or more Reference Entities (i) is subject to a Credit Event in respect of which a DC Credit Event Question has been made, (ii) if “Grace Period Extension” is specified as being applicable in the relevant Final Terms, is or may be subject to a Potential Failure to Pay or (iii) if “Repudiation/Moratorium” is specified as being applicable in the relevant Final Terms, is or may be subject to a Potential Repudiation/Moratorium and (2) no DC Credit Event Announcement, DC Credit Event Question Dismissal or DC No Credit Event Announcement has been made in respect of the Relevant Credit Event during the Credit Event Monitoring Period, it shall notify the Issuer. The Issuer shall then notify the Noteholders and the Credit Linked Notes then outstanding shall not be redeemed on the Scheduled Maturity Date but shall be redeemed instead on the Extended Maturity Date.
- (b) If any amount is payable on the Scheduled Maturity Date of a Credit Linked Note to which the provisions of Credit Linked Condition 3(a) (*Maturity Date Extension*) apply, such amount shall fall due on the Extended Maturity Date and shall be payable without any interest or other sum payable in respect of the postponement of the payment of such amount.

### 4 Credit Event Notice after M(M)R Restructuring

(a) *M(M)R Restructuring Credit Event*

Upon the occurrence of an M(M)R Restructuring, the Issuer may deliver multiple Credit Event Notices with respect to such M(M)R Restructuring Credit Event, each such Credit Event Notice setting forth the amount of the Original Aggregate Nominal Amount of the Credit Linked Notes to which such Credit Event Notice applies which may, if the Notes are Single Name Credit Linked Notes or First-to-Default Credit Linked Notes, be less than the Original Aggregate Nominal Amount of such Credit Linked Notes or if the Notes are Linear Basket Notes, may be less than the Reference Entity Notional Amount of the affected Reference Entity (the aggregate of such amounts with respect to a Series, the “**Exercise Amount**”); provided that if the Credit Event Notice does not specify an Exercise Amount, then either (i)

if the Notes are Single Name Credit Linked Notes or First-to-Default Credit Linked Notes, the Outstanding Aggregate Nominal Amount of the Credit Linked Notes outstanding immediately prior to the delivery of such Credit Event Notice or (ii) if the Notes are Linear Basket Notes, the relevant Reference Entity Notional Amount outstanding in respect of the affected Reference Entity, (and, in either case, not a portion thereof) will be deemed to have been specified as the Exercise Amount. Accordingly, notwithstanding anything to the contrary in these Credit Linked Conditions, where an M(M)R Restructuring Credit Event has occurred and the Issuer has delivered a Credit Event Notice for an Exercise Amount that is less than (i) the Outstanding Aggregate Nominal Amount of the Notes, or (ii) the Reference Entity Notional Amount outstanding in respect of the affected Reference Entity, in each case as at the date immediately prior to the delivery of such Credit Event Notice, as applicable, the provisions of these Credit Linked Conditions shall be deemed to apply to a principal amount of the Notes equal to the Exercise Amount only and all the provisions shall be construed accordingly.

(b) *Redemption of Notes following partial exercise*

If the Issuer has delivered a Credit Event Notice in respect of an M(M)R Restructuring that specifies an Exercise Amount that is less than the Outstanding Aggregate Nominal Amount of the Credit Linked Notes (in the case of Single Name Credit Linked Notes and First-to-Default Credit Linked Notes) or, with respect to Linear Basket Notes only, in relation to a Reference Entity that specifies an Exercise Amount that is less than such Reference Entity's Reference Entity Notional Amount, then:

- (i) the relevant provisions of Credit Linked Condition 5 (*Auction Redemption Terms*), 6 (*Physical Redemption Terms*) or 7 (*Cash Redemption Terms*) relating to Redemption of Credit Linked Notes shall apply to the Exercise Amount, including for the purposes of calculating the Auction Redemption Amount, the Cash Redemption Amount or the Physical Redemption Assets to be Delivered to Noteholders. In such circumstances, the Redemption Calculation Agent may adjust such provisions of the Credit Linked Conditions and/or relevant Final Terms as it determines appropriate to take account of this Credit Linked Condition 4 (*Credit Event Notice after M(M)R Restructuring*), including the basis of the calculation of any Auction Redemption Amount, Cash Redemption Amount or the Physical Redemption Assets to be Delivered to Noteholders;
- (ii) following any payment of an Auction Redemption Amount, Cash Redemption Amount or Delivery of the Physical Redemption Assets to Noteholders or any other determination made in respect of any Exercise Amount, the Reference Entity Notional Amount for the relevant Reference Entity shall be reduced by an amount equal to the Exercise Amount (and for the avoidance of doubt, the aggregate of the Reference Entity Notional Amounts shall be reduced accordingly). The Notes in an amount equal to the Outstanding Aggregate Nominal Amount or the relevant Reference Entity Notional Amount, as applicable, less the Exercise Amount shall remain outstanding (the "**Outstanding Amount**") and interest (if applicable) shall accrue on the Outstanding Amount as provided for in Condition 5 (*Interest*) and the Issuer may thereafter deliver one or more further Credit Event Notices in respect of such Outstanding Amount to which the Credit Linked Conditions shall continue to apply; and
- (iii) the Redemption Calculation Agent may adjust the provisions of these Credit Linked Conditions and/or the relevant Final Terms in such manner as it may determine to be appropriate to account for such event.

(c) *Subsequent Credit Events*

For the avoidance of doubt, (i) in the case of a First-to-Default Credit Linked Note, once an M(M)R Restructuring has occurred in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the

first occurring Restructuring Credit Event; and (ii) in the case of a Linear Basket Note, the fact that a Restructuring Credit Event has occurred in respect of a Reference Entity shall not preclude delivery of a Credit Event Notice in respect of any other Reference Entity.

(d) *Endorsement of Global Notes to reflect partial redemption*

If the provisions of this Credit Linked Condition 4 (*Credit Event Notice after M(M)R Restructuring*) apply in respect of the Credit Linked Notes, on any redemption of part of each such Credit Linked Note, the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

(e) *Exercise Amount*

Other than in respect of a Linear Basket Note, the Exercise Amount in connection with a Credit Event Notice describing an M(M)R Restructuring must be an amount that is at least 1,000,000 units of the Settlement Currency (or, if Japanese Yen, 100,000,000 units) and an integral multiple thereof or the Outstanding Aggregate Nominal Amount of the Credit Linked Notes. If the Notes are Linear Basket Notes, the Exercise Amount must be an amount that is at least the Outstanding Amount in respect of the Reference Entity Notional Amount of the affected Reference Entity.

## 5 Auction Redemption Terms

(a) *Redemption of the Credit Linked Notes where Auction Redemption applies*

Notwithstanding anything to the contrary in Condition 6 (*Redemption and Purchase*) and unless previously redeemed or purchased and cancelled, if “Auction Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms (or if “Cash or Physical or Auction Redemption” is specified in the relevant Final Terms and Auction Redemption is selected by the Issuer), following the occurrence of a Relevant Event Determination Date, then:

- (i) Subject to sub-paragraph (ii) of this Credit Linked Condition 5(a) (*Redemption of the Credit Linked Notes where Auction Redemption applies*), the Issuer shall, subject as aforesaid, redeem:
  - (A) where the Notes are Single Name Credit Linked Notes or First-to-Default Credit Linked Notes and the Credit Event is not an M(M)R Restructuring Credit Event, each Note in whole at the Auction Redemption Amount on the Auction Redemption Date; or
  - (B) if the Notes are Linear Basket Notes, (1) a portion of the principal amount of each Note equal to the Applicable Proportion determined by reference to the Reference Entity Notional Amount of the Reference Entity in respect of which the Credit Event occurred on the relevant Auction Redemption Date at the Auction Redemption Amount, and (2) the remaining portion of each Note at its *pro rata* Maturity Redemption Amount on the Scheduled Maturity Date, subject to the occurrence of further Credit Events in respect of any Reference Entities; or
  - (C) if the Credit Event is an M(M)R Restructuring Credit Event, (1) a portion of the principal amount of each Note equal to the Applicable Proportion determined by reference to the Exercise Amount specified in the Credit Event Notice relating to the relevant Credit Event on the relevant Auction Redemption Date at the Auction Redemption Amount, and (2) the remaining portion of each Note at its *pro rata* Maturity Redemption Amount on the Scheduled Maturity Date, subject to the delivery by the Issuer of any further Credit Events Notices in respect of such M(M)R Restructuring Credit Event; and

- (ii) in the case of Notes to which Credit Payment on Maturity applies, the Issuer shall redeem each Note in whole on the later to occur of (A) the Auction Redemption Date in respect of the relevant Reference Entity and Credit Event and (B) the later of the Scheduled Maturity Date and the Extended Maturity Date (the “**Final Auction Redemption Date**”) at the Final Auction Redemption Amount.

Payment by the Issuer of the Auction Redemption Amount shall fully and effectively discharge the Issuer’s obligation to redeem the Applicable Proportion of the relevant Note and payment by the Issuer of the Final Auction Redemption Amount shall fully and effectively discharge the Issuer’s obligation to redeem the entirety of the relevant Note.

(b) *Fallback Redemption*

Without prejudice to the foregoing, but without duplication of settlement, if the Redemption Calculation Agent determines:

- (i) except where the Issuer delivers a Notice to Exercise Movement Option to the Redemption Calculation Agent on or prior to the Movement Option Cut-off Date pursuant to Credit Linked Condition 5(c) (*Movement Option*), that with respect to a Credit Event, no Applicable Auction is being, or will be, held; or
- (ii) with respect to a Credit Event and any relevant Applicable DC Credit Event Question, Applicable Resolution and/or Applicable Auction, that (A) an Auction Cancellation Date has occurred, (B) a No Auction Announcement Date has occurred (and, in circumstances where such No Auction Announcement Date occurs pursuant to Credit Linked Condition 5(b) (*Fallback Redemption*) or sub-paragraph (c)(ii) under the definition of “No Auction Announcement Date”, the Redemption Calculation Agent has not exercised the Movement Option), (C) a DC Credit Event Question Dismissal has occurred or (D) a Relevant Event Determination Date was determined pursuant to sub-paragraph (a) of the definition of “Event Determination Date” or pursuant to sub-paragraph (a) of the definition of “Non-Standard Event Determination Date”, and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Relevant Event Determination Date, or (E) a Relevant Event Determination Date was determined pursuant to sub-paragraph (b)(ii)(B)(II)(2) of the definition of “Non-Standard Event Determination Date”,

then the Fallback Redemption Method shall apply and the Issuer shall redeem each Note in accordance with Credit Linked Condition 7 (*Cash Redemption Terms*) (if “Cash Redemption” is specified in the relevant Final Terms as the Fallback Redemption Method) or in accordance with Credit Linked Condition 6 (*Physical Redemption Terms*) if “Physical Redemption” is specified in the relevant Final Terms as the Fallback Redemption Method).

(c) *Movement Option*

If the Redemption Calculation Agent determines in respect of an M(M)R Restructuring Credit Event that a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) or (c)(ii) of the definition of “No Auction Announcement Date”, the Issuer may elect in its sole and absolute discretion to exercise the Movement Option by delivering a Notice to Exercise Movement Option to the Redemption Calculation Agent at any time on or prior to the Movement Option Cut-off Date. If a Notice to Exercise Movement Option is so delivered, then provided that the related Event Determination Date is not reversed on or prior to the relevant Auction Redemption Date, redemption of the Applicable Proportion of each Credit Linked Note, shall take place by payment by the Issuer of the Auction Redemption Amount on the Auction Redemption Date (or, if Credit Payment on Maturity applies, by payment of the

Final Auction Redemption Amount on the Final Auction Redemption Date), for which purposes the Auction Redemption Amount and the Auction Redemption Date shall be determined by reference to the relevant Parallel Auction identified by the Issuer in the Notice to Exercise Movement Option. If a Notice to Exercise Movement Option is delivered by the Issuer, all references in these Credit Linked Conditions to “Applicable Auction”, “Applicable Auction Settlement Terms”, “Auction Cancellation Date” and “Auction Final Price Determination Date” shall be deemed to be references to the “Parallel Auction”, “Parallel Auction Settlement Terms” and “Parallel Auction Cancellation Date” and the terms of these Credit Linked Conditions shall be construed accordingly.

(d) *Auction Final Price of the Asset Package*

If an Asset Package Credit Event has occurred and the Auction Final Price for the Applicable Auction reflects the entire relevant Asset Package in respect of the Prior Deliverable Obligation(s) or Package Observable Bond(s) (as applicable) (including any cash forming part of the Asset Package and the Asset Market Value of any Non-Financial Instrument or Non-Transferable Instrument), the Auction Redemption Amount or Final Auction Redemption Amount shall be determined using the Auction Final Price. If the Redemption Calculation Agent determines that the Auction Final Price does not reflect the price of the entire relevant Asset Package, as determined above, the Redemption Calculation Agent shall make such adjustment to the Auction Final Price and/or the Auction Redemption Amount or Final Auction Redemption Amount in its sole and absolute discretion as it deems necessary to reflect the value of the Asset Package and to preserve the economic effects of the terms of the Notes and for such purposes the Redemption Calculation Agent may take into account any method of determining the Asset Market Value of any Asset that is a Non-Transferable Instrument or a Non-Financial Instrument forming part of the Asset Package but that has not been taken into in the Auction Final Price that may be published by the DC Secretary.

(e) *Notice of Auction Redemption Amount*

Following the Auction Final Price Determination Date, the Redemption Calculation Agent shall deliver the Auction Redemption Amount Notice to the Issuer and the Issuer shall deliver the Auction Redemption Notice to the Issuing and Paying Agent by the Auction Redemption Amount Notice Period End Date. The Issuing and Paying Agent shall then, as soon as reasonably practicable, deliver the Auction Redemption Amount Notice to the Noteholders in accordance with Condition 14 (*Notices*) (provided that any failure to give such notice to the Noteholders shall not affect any determinations made by the Redemption Calculation Agent or the rights of the Issuer to redeem the Applicable Proportion of each Credit Linked Note).

## **6 Physical Redemption Terms**

(a) *Delivery of Physical Redemption Assets*

(i) Subject to Credit Linked Condition 10 (*Effect of DC Announcements*) and notwithstanding anything to the contrary in Condition 6 (*Redemption and Purchase*), and unless previously redeemed or purchased and cancelled, if “Physical Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms (or if “Cash or Physical Redemption” or “Cash or Physical or Auction Redemption” is specified in the relevant Final Terms and Physical Redemption is selected by the Issuer) or if “Physical Redemption” is applicable as Fallback Redemption Method and Credit Linked Condition 5 (*Auction Redemption Terms*) requires that the Issuer redeems the Notes in accordance with this Credit Linked Condition 6 (*Physical Redemption Terms*) following the occurrence of a Relevant Event Determination Date, the Applicable Proportion of each Credit Linked Note, shall, subject to and in accordance with this Credit Linked Condition 6 (*Physical Redemption Terms*), be redeemed by, in respect of each

Noteholder: (i) Delivery (at the risk of the relevant Noteholder) of the Physical Redemption Assets on or prior to the Physical Redemption Date in accordance with Credit Linked Condition 6(b) (*Physical Redemption Assets*); and (ii) payment of the Portfolio Shortfall Proceeds in accordance with Credit Linked Condition 6(c) (*Portfolio Shortfall Proceeds*).

(ii) Upon Delivery of the Physical Redemption Assets and payment of any Portfolio Shortfall Proceeds and/or Partial Cash Redemption Amount to each Noteholder, the Issuer's obligations in respect of the redemption of the Applicable Proportion of each Credit Linked Note shall be fully and effectively discharged. If the Notes are Linear Basket Notes or the Credit Event is an M(M)R Restructuring Credit Event, the remaining portion of each Note which is not so redeemed shall be redeemed on the Scheduled Maturity Date at its *pro rata* Maturity Redemption Amount, subject to the occurrence of a further Relevant Event Determination Date during the Credit Event Monitoring Period.

(iii) In order for the Credit Linked Notes to be redeemed in accordance with this Credit Linked Condition 6 (*Physical Redemption Terms*):

(A) upon receiving notification of the occurrence of a Credit Event from the Redemption Calculation Agent, the Issuer shall deliver a Notice of Physical Settlement to the Issuing and Paying Agent and the Issuing and Paying Agent will deliver a copy of the Notice of Physical Settlement to the Noteholders in accordance with Condition 14 (*Notices*), provided that any failure to deliver a copy of such Notice of Physical Settlement to the Noteholders shall not affect the effectiveness of the Notice of Physical Settlement, as determined by the Redemption Calculation Agent, or the rights of the Issuer to redeem the Applicable Proportion of each Credit Linked Note.

(B) The Issuer may, at any time, deliver to the Issuing and Paying Agent a NOPS Amendment Notice in order to give notice that the Issuer is replacing the Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, and the Issuing and Paying Agent will deliver a copy of the NOPS Amendment Notice to the Noteholders in accordance with Condition 14 (*Notices*), provided that any failure to deliver such a copy of such NOPS Amendment Notice to the Noteholders shall not affect the effectiveness of the NOPS Amendment Notice, as determined by the Redemption Calculation Agent, or the rights of the Issuer to redeem the Applicable Proportion of each Credit Linked Note.

Moreover, the failure of the Issuer or the Issuing and Paying Agent to deliver a Notice of Physical Settlement or a NOPS Amendment Notice, as applicable, shall not affect the effectiveness of any determination made by the Redemption Calculation Agent, or any other notice delivered by, the Issuer in respect of a relevant Reference Entity.

(C) the relevant Noteholder shall deliver to the Issuing and Paying Agent, prior to 5.00p.m. (Luxembourg time) on the 10<sup>th</sup> Business Day following the date of the Notice of Physical Settlement and, if relevant, any NOPS Amendment Notice, a duly completed notice in writing (a "**Deliverable Obligation Notice**"):

(I) specifying the Series number of the Notes and the Applicable Proportion of each Note which is the subject of the Deliverable Obligation Notice;

(II) including such details as are required for the transfer or assignment of the Physical Redemption Assets which may include account details and/or the name and address of any person(s) into whose name evidence of the Physical Redemption Assets is

to be registered and/or any bank, broker or agent to whom documents evidencing the Physical Redemption Assets are to be delivered;

- (III) specifying the name and number of the account which the Portfolio Shortfall Proceeds (if any) are to be credited;
  - (IV) certifying, *inter alia*, that the beneficial owner of each Note is not a U.S. person (as defined in the Deliverable Obligation Notice) or a person who purchased such Note for resale to U.S. persons, that the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, notes or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof;
  - (V) authorising the production of such certification in any applicable administrative or legal proceedings, all as provided in the Agency Agreement;
  - (VI) if the Credit Linked Notes are in bearer form, including or accompanied by evidence, satisfactory to the Redemption Calculation Agent, of the ownership of the Credit Linked Notes by the relevant Noteholder; and
  - (VII) if the Credit Linked Notes are in definitive form, including or accompanied by the definitive Credit Linked Notes.
- (iv) Forms of the Deliverable Obligation Notice may be obtained during normal office hours from the Issuing and Paying Agent.
  - (v) If the relevant definitive Credit Linked Notes (if they are then so represented) and the Deliverable Obligation Notice are not delivered in accordance with this provision, the obligations of the Issuer to commence procuring the delivery of the Physical Redemption Assets and the payment of the Portfolio Shortfall Proceeds (if any) to such Noteholder shall, subject to Credit Linked Conditions 6(a) (*Delivery of Physical Redemption Assets*), 6(c) (*Portfolio Shortfall Proceeds*) and 10 (*Effect of DC Announcements*) be deferred until the third Business Day following the date on which such Noteholder delivers the Deliverable Obligation Notice and relevant definitive Credit Linked Notes (if they are then so represented). The relevant Noteholder shall not be entitled to any payment, whether of interest or otherwise, in the event of such deferred delivery and payment.
  - (vi) If the holder of any such Credit Linked Note fails to deliver a Deliverable Obligation Notice or the Issuer is unable to obtain details for the transfer or assignment or the delivery of the Physical Redemption Assets and the payment of the Portfolio Shortfall Proceeds (if any) from the person nominated by the Noteholder in accordance with Credit Linked Condition 6(a)(iii) (*Delivery of Physical Redemption Assets*) in the manner and on the dates specified in this Credit Linked Condition 6(a) (*Delivery of Physical Redemption Assets*) by the 90<sup>th</sup> calendar day following the date of the Notice of Physical Settlement or, if relevant, the last NOPS Amendment Notice, if “Fallback Cash Redemption” is specified to apply in the relevant Final Terms, the Issuer shall apply “Cash Redemption” pursuant to the fallback cash redemption terms in Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*) with respect to the Physical Redemption Assets that have not been transferred or assigned and if “Fallback Cash Redemption” is not specified to apply in the relevant Final Terms, the Issuer shall have no further liability or obligation whatsoever in respect of such Credit Linked Note and no obligation to deliver the Physical Redemption Assets.
  - (vii) No Deliverable Obligation Notice may be withdrawn after receipt thereof by Clearstream, Luxembourg or Euroclear (as applicable) or the Issuing and Paying Agent, as the case may be, as



provided above. After delivery of a Deliverable Obligation Notice (i) such relevant Noteholder shall be the only person entitled to delivery of its portion of the Physical Redemption Assets, and as such (ii) the relevant Noteholder may not transfer the Credit Linked Notes which are the subject of such notice.

- (viii) Failure to properly complete and deliver a Deliverable Obligation Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Credit Linked Conditions shall be made by the Issuer, and shall be conclusive and binding on the relevant Noteholder.
- (ix) Delivery of the Physical Redemption Assets and payment of the Portfolio Shortfall Proceeds (if any) in respect of each Noteholder shall be made by the Issuer in accordance with the details specified in the applicable Deliverable Obligation Notice.
- (x) If the Physical Redemption Assets include a Deliverable Obligation which is a Loan, the Noteholders will be deemed to agree to comply, for the purposes of settlement of the relevant Credit Linked Notes, with the provisions of any documentation (which term shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purposes) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for delivery of such Loan at that time, as such documentation may be amended to the extent that the relevant Credit Derivatives Determination Committee Resolves is appropriate, which is consistent with the payment and delivery obligations of the parties hereunder. The Noteholders further agree that compliance by the Issuer and the Noteholders with the provisions of any such documentation shall be required for, and, without further action, constitute, delivery for the purposes of this Credit Linked Condition 6(a) (*Delivery of Physical Redemption Assets*) (to the extent that such documentation contains provisions describing how delivery should be effected).

(b) *Physical Redemption Assets*

Subject to the rest of this Credit Linked Condition 6(b) (*Physical Redemption Assets*), the Issuer may only Deliver the Deliverable Obligations specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, and only in the amounts specified therein.

Until the date on which the Physical Redemption Assets have been fully Delivered, the Issuer or any other person (whether or not on behalf of the Issuer) may continue to be the legal owner of the Deliverable Obligations comprising the Physical Redemption Assets which it is not possible, practical or legal to deliver. None of the Issuer nor any such other person will (i) be under any obligation to deliver or procure delivery to the relevant Noteholder or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by the Issuer or that person in its capacity as legal owner of such Deliverable Obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Deliverable Obligations comprising the Physical Redemption Assets until the date on which the Physical Redemption Assets have been fully Delivered, (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which such Noteholder or other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any person (whether or not on behalf of the Issuer) being the legal owner of such Deliverable Obligations comprising the Physical Redemption Assets until the date on which the Physical Redemption Assets have been fully Delivered, or (iv) have any liability whatsoever to such Noteholder or any other person if, as a result of a Redemption Failure Event or for any other reason whatsoever (including without limitation Credit Linked Conditions 6(c) (*Portfolio Shortfall Proceeds*) to 6(i) (*Alternative Procedures Relating to Loans not Delivered*)), it is unable to effect Delivery of any

Deliverable Obligations comprising the Physical Redemption Assets and its obligations hereunder are satisfied by partial cash settlement or fallback cash redemption (if applicable) or are deemed to be fully discharged in accordance with the Credit Linked Conditions.

(c) *Portfolio Shortfall Proceeds*

If all or any part of the Physical Redemption Assets that would, but for this Credit Linked Condition 6(c) (*Portfolio Shortfall Proceeds*), be required to be Delivered to a Noteholder is not a whole integral multiple of the smallest unit of transfer for any such Physical Redemption Assets at the relevant time of Delivery, as determined by the Issuer, the Issuer will Deliver and such Noteholder will only be entitled to receive, the portion of the Physical Redemption Assets specified by the Issuer which is closest to but less than the full Physical Redemption Assets, after consideration of such smallest unit or units of transfer (such portion of the Physical Redemption Assets that is not so Delivered to such Noteholder, the “**Portfolio Delivery Shortfall**”). The Issuer shall, as soon as reasonably practicable (which may, for the avoidance of doubt, be after the Physical Redemption Date), liquidate the portion of the Physical Redemption Assets which is required to cover the Portfolio Delivery Shortfall and which shall be a whole integral multiple of the smallest unit of transfer for such Physical Redemption Assets and pay to such Noteholder the portion of the liquidation proceeds corresponding to the Portfolio Delivery Shortfall (such proceeds, the “**Portfolio Shortfall Proceeds**”) on or before the tenth Business Day following receipt of the last instalment of the Portfolio Shortfall Proceeds.

(d) *Election to deliver alternative amount of Deliverable Obligations*

Notwithstanding anything to the contrary in Credit Linked Condition 6(a) (*Delivery of Physical Redemption Assets*) or 6(c) (*Portfolio Shortfall Proceeds*), the Issuer may elect to Deliver to Noteholders Deliverable Obligations with an Outstanding Principal Balance or a Due and Payable Amount, as applicable (or the equivalent Currency Amount of any such amount), that is (i) greater than, or (ii) less than, that which each Noteholder would otherwise have been entitled to receive by way of Physical Redemption Assets. If the Issuer exercises its election pursuant to sub-paragraph (ii) of this Credit Linked Condition 6(d) (*Election to deliver alternative amount of Deliverable Obligation*), the Issuer shall pay to Noteholders no later than the Business Day following the relevant Latest Permissible Physical Settlement Date an amount in respect of each Note determined by the Redemption Calculation Agent as equal to the portion of the Physical Redemption Assets of such Note in respect of which Deliverable Obligations were not delivered.

(e) *Partial Cash Redemption due to Impossibility or Illegality*

If, due to an event beyond the control of the Issuer, it is impossible or illegal for the Issuer to Deliver, or due to an event beyond the control of the Issuer it is impossible or illegal for any Noteholder (the “**Affected Noteholder**”, which term shall apply to the relevant Noteholder in this Credit Linked Condition 6(e) (*Partial Cash Redemption due to Impossibility or Illegality*)) to accept Delivery of, any of the Deliverable Obligations (other than a Prior Deliverable Obligation or a Package Observable Bond if an Asset Package Credit Event has occurred) specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, on the Physical Redemption Date (including, without limitation, failure of the relevant clearance system or due to any law, regulation or court order, but excluding market conditions or the failure to obtain any requisite consent with respect to the Delivery of Loans), then on or before such date (i) the Issuer shall Deliver and the Affected Noteholder shall take Delivery of any of the Deliverable Obligations specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, for which it is possible and legal to take Delivery and (ii) the Redemption Calculation Agent shall provide a description in reasonable detail of the facts giving rise to such impossibility or illegality and, as soon as practicable thereafter, the Issuer shall Deliver and the

Affected Noteholder shall take Delivery of the Deliverable Obligations specified in the Notice of Physical Settlement or NOPS Amendment Notice as applicable which were not delivered on the Delivery Date. The date on which the Deliverable Obligations specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, which were not Delivered and are subsequently Delivered shall be the Maturity Date. If following the occurrence of any such impossibility or illegality, the amount of Deliverable Obligations that are to be Delivered as specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, are not delivered to the Noteholders on or prior to the Latest Permissible Physical Settlement Date, then Cash Redemption in accordance with the partial cash redemption terms in Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*) shall apply with respect to the Deliverable Obligations that cannot be Delivered (the “**Undeliverable Obligations**”).

(f) *Partial Cash Redemption of Consent Required Loans*

If:

- (i) the Deliverable Obligations specified in the Notice of Physical Settlement or NOPS Amendment Notice include Consent Required Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Redemption Date, capable of being assigned or novated to the Affected Noteholder and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and
- (ii) “Direct Loan Participation” is not specified as a Deliverable Obligation Characteristic in the relevant Final Terms, or “Direct Loan Participation” is specified as a Deliverable Obligation Characteristic in the relevant Final Terms and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

Cash Redemption pursuant to the partial cash redemption terms in Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*) shall be deemed to apply to the Credit Linked Notes with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or NOPS Amendment Notice that consist of Consent Required Loans for which consents are not obtained or deemed given (the “**Undeliverable Loan Obligations**”).

(g) *Partial Cash Redemption of Assignable Loans*

If:

- (i) the Deliverable Obligations specified in the Notice of Physical Settlement or NOPS Amendment Notice include Assignable Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Redemption Date, capable of being assigned or novated to the Affected Noteholder and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and
- (ii) “Direct Loan Participation” is not specified as a Deliverable Obligation Characteristic in the relevant Final Terms, or “Direct Loan Participation” is specified as a Deliverable Obligation Characteristic in the relevant Final Terms and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

Cash Redemption pursuant to the partial cash redemption terms in Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*) shall be deemed to apply to the Credit Linked Notes with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or NOPS Amendment Notice that consist of Assignable Loans for which consents are not obtained or deemed given (the “**Unassignable Obligations**”).

(h) *Partial Cash Redemption of Participations*

If the Deliverable Obligations include Direct Loan Participations and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date, Cash Redemption pursuant to the partial cash redemption terms in Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*) shall be deemed to apply to the Credit Linked Notes with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable that consist of Direct Loan Participations in respect of which the relevant participation is not effected (the “**Undeliverable Participations**”).

(i) *Alternative Procedures Relating to Loans not Delivered*

(i) If the Issuer has not Delivered any Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice that are Loans (other than any Loan which (i) is a Prior Deliverable Obligation which the Issuer has notified the Issuing and Paying Agent it intends to Deliver an Asset Package in lieu thereof, or (ii) forms part of an Asset Package which the Issuer has notified the Issuing and Paying Agent it intends to Deliver) on or prior to the date that is five Business Days after the Physical Redemption Date (the “**Loan Alternative Procedure Start Date**”), sub-paragraph (ii) of this Credit Linked Condition 6(i) shall apply unless (A) “Reference Obligation Only” has been specified as the Deliverable Obligation Category in the relevant Final Terms, (B) in the case of a Consent Required Loan, “Partial Cash Redemption of Consent Required Loans” is specified as being applicable in the relevant Final Terms (in which case Credit Linked Condition 6(f) (*Partial Cash Redemption of Consent Required Loans*) shall apply), (C) in the case of an Assignable Loan, “Partial Cash Redemption of Assignable Loans” is specified as being applicable in the relevant Final Terms (in which case Credit Linked Condition 6(g) (*Partial Cash Redemption of Assignable Loans*)) shall apply), (D) in the case of a Direct Loan Participation, “Partial Cash Redemption of Participation” is specified as being applicable in the relevant Final Terms (in which case Credit Linked Condition 6(h) (*Partial Cash Redemption of Participations*) shall apply) or (E) in any case, such failure to Deliver is due to an event described in Credit Linked Condition 6(e) (*Partial Cash Redemption due to Impossibility or Illegality*) (in which case Credit Linked Condition 6(e) (*Partial Cash Redemption due to Impossibility or Illegality*) shall apply).

(ii) If the Issuer has failed to obtain the requisite consents to Deliver a Loan specified in the Notice of Physical Settlement or any NOPS Amendment Notice, at any time following the Alternative Procedure Start Date, the Issuer may Deliver, in lieu of all or part of such Loan, any, subject to “Restructuring Maturity Limitation and Fully Transferable Obligation” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation”, Bond that is Transferable and Not Bearer or any Assignable Loan, in either case selected by the Issuer and having on both the Physical Redemption Date and the Delivery Date each of the Deliverable Obligation Characteristics (other than Consent Required Loan or Direct Loan Participation), if any, specified in the relevant Final Terms and otherwise satisfying the requirements to constitute a Deliverable Obligation (and such instrument shall be deemed specified in the NOPS Amendment Notice which will be effective notwithstanding the fact that it is deemed specified after the Physical Redemption Date).

(j) *Partial Cash Redemption Terms and Fallback Cash Redemption Terms*

The following terms apply for the purposes of the partial cash redemption terms referred to in Credit Linked Conditions 6(e) (*Partial Cash Redemption due to Impossibility or Illegality*) to 6(i) (*Alternative Procedures Relating to Loans not Delivered*) and for the purposes of the fallback cash redemption terms

referred to in Credit Linked Condition 6(a)(vi) (*Delivery of Physical Redemption Assets*) and Credit Linked Condition 9(b) (*Redemption Failure Event*):

- (i) If “Cash Redemption” is deemed to apply pursuant to 6(e) (*Partial Cash Redemption due to Impossibility or Illegality*) to 6(i) (*Alternative Procedures Relating to Loans not Delivered*) or applies pursuant to Credit Linked Conditions 6(a)(vi) (*Delivery of Physical Redemption Assets*) or Credit Linked Condition 9(b) (*Redemption Failure Event*) when “Fallback Cash Redemption” is specified to apply in the relevant Final Terms, the Issuer shall pay in respect of the portion of the Physical Redemption Assets corresponding to the applicable Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation (each an “**Undeliverable Deliverable Obligation**”) the Partial Cash Redemption Amount on the Partial Cash Redemption Date, and in respect of the Physical Redemption Assets which cannot be delivered as described in Credit Linked Condition 6(a)(vi) (*Physical Redemption Assets*) or Credit Linked Condition 9(b) (*Redemption Failure Event*) (each an “**Undelivered Deliverable Obligation**”), the Fallback Cash Redemption Amount on the Fallback Cash Redemption Date (each as determined in accordance with this Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*));
- (ii) “**Partial Cash Redemption Amount**” means, for each Undeliverable Deliverable Obligation, as the case may be, an amount calculated by the Redemption Calculation Agent equal to the greater of (A) (I) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Deliverable Obligation, as the case may be, multiplied by (II) either (1) if one or more Auctions are held by the Credit Derivatives Determination Committee in respect of the Reference Entity, the Auction Final Price or (2) if the Redemption Calculation Agent so determines (in its discretion, acting in a commercially reasonable manner), the Final Price with respect to such Undeliverable Deliverable Obligations, as the case may be, less (III) Hedge Unwind Costs, if any, and (B) zero;
- (iii) “**Partial Cash Redemption Date**” and “**Fallback Cash Redemption Date**” means the date as selected by the Issuer up to and including the date falling 10 Business Days after the calculation of the Final Price or, as applicable the Auction Final Price Determination Date;
- (iv) “**Fallback Cash Redemption Amount**” has the same meaning as set out in “Partial Cash Redemption Amount”, provided that each reference therein to “Undeliverable Deliverable Obligation” shall be deemed to be a reference to “Undelivered Deliverable Obligation”;
- (v) “**Reference Obligation**” means, in respect of the determination of the Partial Cash Redemption Amount, each Undeliverable Deliverable Obligation and in respect of the determination of the Fallback Cash Redemption Amount, each Undelivered Deliverable Obligation;
- (vi) “**Valuation Date**” means the date that is two Business Days after the Latest Permissible Physical Settlement Date;
- (vii) “**Valuation Method**” means Highest or, if fewer than two Full Quotations are obtained, Market Value;
- (viii) “**Quotation Method**” means Bid;
- (ix) “**Quotation Amount**” means, with respect to each type or issue of Undeliverable Deliverable Obligation or Undelivered Deliverable Obligation, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency which shall be converted by the Redemption Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation

is being obtained), as applicable, of such Undeliverable Deliverable Obligation or Undelivered Deliverable Obligation (as applicable), as the case may be. The Redemption Calculation Agent may in its discretion, acting in a commercially reasonable manner, round up or down the Quotation Amount for the purposes of seeking a Quotation;

- (x) **“Valuation Time”** means the time specified as such in the relevant Final Terms, or if no such time is specified, the time specified by the Redemption Calculation Agent, which shall be as close as reasonably practicable to 11:00 a.m. (London time), unless the Redemption Calculation Agent determines that the principal market for transactions in the Undeliverable Deliverable Obligation or Undelivered Deliverable Obligation (as applicable) would be closed at such time or such transactions are not being conducted in sufficient volume (as determined by the Redemption Calculation Agent in its discretion, acting in a commercially reasonable manner) at such time, in which event the Valuation Time shall be such other time as may be specified by the Redemption Calculation Agent that such principal market is open;
- (xi) **“Market Value”** means, with respect to an Undeliverable Deliverable Obligation or an Undelivered Deliverable Obligation (as applicable), on a Valuation Date, (A) if more than three Full Quotations are obtained the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the same highest and lowest values (and, if more than one such Full Quotations have the same highest and lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (B) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (C) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (D) if fewer than two Full Quotations are obtained then, subject to sub-paragraph (B) of the definition of “Quotation” below, an amount that the Redemption Calculation Agent shall determine on the next Business Day on which two or more Full Quotations are obtained; and (E) if fewer than two Full Quotations are obtained on the same Business Day on or prior to the fifteenth Business Day following the Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such fifteenth Business Day or, if no Full Quotation is obtained, the Market Value shall be deemed to be zero;
- (xii) **“Quotation”** means each Full Quotation obtained and expressed as a percentage of the Reference Obligation’s Outstanding Principal Balance or Due and Payable Amount, as applicable with respect to a Valuation Date in the manner that follows:
  - (A) The Redemption Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Redemption Calculation Agent is unable to obtain two or more such Full Quotations on the Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the fifteenth Business Day following the relevant Valuation Date) the Redemption Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers.
  - (B) If the Redemption Calculation Agent is unable to obtain two or more Full Quotations on the same Business Day on or prior to the fifteenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such fifteenth Business Day, or, if no Full Quotation is obtained, the Quotations shall be deemed to be zero.

- (C) All Quotations shall be obtained in accordance with the specification or determination made pursuant to Credit Linked Note Condition 2(e) (*Accrual of Interest on Credit Event*);
- (xiii) The Redemption Calculation Agent shall determine based on the then current market practice in the market of the relevant Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation, Unassignable Obligation or Undelivered Deliverable Obligation, whether such Quotations shall include or exclude accrued but unpaid interest.
- (k) *Asset Package Delivery*
- (i) If an Asset Package Credit Event occurs and an obligation which would be a Prior Deliverable Obligation or a Package Observable Bond for the purposes of the Notes results in an Asset Package then “Asset Package Delivery” will apply unless (A) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Event Determination Date, (B) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event, or (C) the Reference Entity is a Sovereign and “Sovereign Reference Entity No Asset Package Delivery” is specified as “Applicable” in the relevant Final Terms.
- (ii) If Asset Package Delivery applies, (A) Delivery of a Prior Deliverable Obligation or a Package Observable Bond forming part of the Physical Redemption Assets which is specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (B) the definition of “Deliver” shall be deemed to apply to each Asset in the Asset Package, provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for this purpose, (C) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified the Issuing and Paying Agent of the detailed description of the Asset Package that it intends to Deliver in accordance with the definition of “Notice of Physical Settlement”, (D) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (E) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value.
- (iii) Notwithstanding the preceding sub-paragraphs of this Credit Linked Condition 6(k), the Issuer may elect in lieu of delivering all or any part of the Asset Package (such assets, the “**Non-Deliverable Asset Package**”) as Physical Redemption Assets to pay to the Noteholders the Asset Market Value of the non-Deliverable Asset Package, converted if necessary, into the currency of denomination of the Notes at the prevailing market rate of exchange determined by the Redemption Calculation Agent in good faith (such cash payment the “**Asset Package Cash Redemption Amount**”). Payment of the Asset Package Cash Redemption Amount shall be made on or before the tenth Business Day following determination of the Asset Market Value of the non-Deliverable Asset Package.

## 7 Cash Redemption Terms

### (a) *Redemption of Credit Linked Notes where Cash Redemption applies*

Notwithstanding anything to the contrary in Condition 6 (*Redemption and Purchase*) and unless previously redeemed or purchased and cancelled, and subject to Credit Linked Condition 10 (*Effect of DC Announcements*) if (i) “Cash Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms, or (ii) Cash Redemption is deemed to take place under the terms relating to Physical Redemption in Credit Linked Condition 6 (*Physical Redemption Terms*), or (iii) Cash Redemption is applicable as the Fallback Redemption Method in accordance with the Auction Redemption Terms in Credit Linked Condition 5 (*Auction Redemption Terms*), then, following the occurrence of a Relevant Event Determination Date:

- (i) subject to sub-paragraph (ii) of this Credit Linked Condition 7(a), the Issuer shall, subject as aforesaid, redeem:
  - (A) where the Notes are Single Name Credit Linked Notes or First-to-Default Credit Linked Notes and the Credit Event is not an M(M)R Restructuring Credit Event, each Note in whole on the relevant Cash Redemption Date at the Cash Redemption Amount; or
  - (B) if the Notes are Linear Basket Notes, (1) a portion of the principal amount of each Note equal to the Applicable Proportion determined by reference to the Reference Entity Notional Amount of the Reference Entity in respect of which the Credit Event occurred on the relevant Cash Redemption Date at the Cash Redemption Amount and (2) the Outstanding Aggregate Nominal Amount of each Note at its *pro rata* Maturity Redemption Amount on the Scheduled Maturity Date, subject to the occurrence of further Credit Events in respect of any Reference Entities; or
  - (C) if the Credit Event is an M(M)R Restructuring Credit Event, (1) a portion of the principal amount of each Note equal to the Applicable Proportion determined by reference to the Exercise Amount specified in the Credit Event Notice relating to the relevant Credit Event on the relevant Cash Redemption Date at the Cash Redemption Amount and (2) the remaining portion of each Note at its *pro rata* Maturity Redemption Amount on the Scheduled Maturity Date, subject to the delivery by the Issuer of any further Credit Event Notices in respect of such M(M) R Restructuring Credit Event; and
- (ii) in the case of Notes to which Credit Payment on Maturity applies, the Issuer shall redeem each Note in whole on the later to occur of (A) the Cash Redemption Date in respect of the relevant Reference Entity and a Credit Event and (B) the later of the Scheduled Maturity Date and the Extended Maturity Date (the “**Final Cash Redemption Date**”) at the Final Cash Redemption Amount.

Payment by the Issuer of the Cash Redemption Amount shall fully and effectively discharge the Issuer’s obligation to redeem the Applicable Proportion of the relevant Note and payment by the Issuer of the Final Cash Redemption Amount shall fully and effectively discharge the Issuer’s obligation to redeem the Note.

### (b) *Determination of the Final Price*

- (i) On the Valuation Date, the Redemption Calculation Agent shall commence determination of the Final Price using the Deliverable Obligations to be valued selected in its discretion, acting in a commercially reasonable manner.



- (ii) If:
  - I “Include Accrued Interest” is specified in the relevant Final Terms, the Outstanding Principal Balance of the Deliverable Obligations shall include accrued but unpaid interest;
  - II “Exclude Accrued Interest” is specified in the relevant Final Terms, the Outstanding Principal Balance of the Deliverable Obligations shall not include accrued but unpaid interest; or
  - III neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the relevant Final Terms, the Redemption Calculation Agent shall determine, based on the then current market practice in the market of the Deliverable Obligation whether the Outstanding Principal Balance of the Deliverable Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof.
- (iii) The Redemption Calculation Agent shall, after obtaining all Quotations for a Valuation Date, notify the Issuer in writing of each such Quotation that it receives in connection with the calculation of the Final Price together with a written computation showing such calculation and including the information specified in Credit Linked Condition 17(b)(vi) (Notices required to be delivered) (the “**Cash Redemption Amount Notice**”) and the Issuer shall send the Cash Redemption Amount Notice to the Issuing Paying Agent by the Cash Redemption Amount Notice Period End Date. The Issuing and Paying Agent shall then, as soon as reasonably practicable, deliver a copy of the Cash Redemption Amount Notice to the Noteholders in accordance with Condition 14 (*Notices*) (provided that any failure to give such notice to Noteholders shall not affect any determination made by the Redemption Calculation Agent or the rights of the Issuer to redeem the Applicable Proportion of each Credit Linked Note).
- (iv) If an Asset Package Credit Event has occurred, (A) valuation of a Prior Deliverable Obligation or Package Observable Bond specified in the notice to the Redemption Calculation Agent may be satisfied by valuation of the related Asset Package and such Asset Package shall be treated as having the same currency and Outstanding Principal Balance as that of the Prior Deliverable Obligation or Package Observable Bond, as applicable, to which it corresponds immediately prior to the Asset Package Credit Event, (B) if the Asset Package is zero, a Quotation shall be deemed to have been obtained for the Outstanding Principal Balance of the Prior Deliverable Obligation or Package Observable Bond (as applicable) equal to zero, and (C) for any other Asset Package the Redemption Calculation Agent shall determine the value of the Asset Package in its sole and absolute discretion and a Quotation shall be deemed to have been obtained for such valuation provided that the Redemption Calculation Agent may obtain Quotations for some or all of the components of the Asset Package and/or take account of any method of determining the Asset Market Value of any Asset that is a Non-Transferable Instrument or a Non-Financial Instrument that may be published by the DC Secretary.

## **8 Redemption or Replacement of Reference Entity Upon Merger Event**

In the event that the Issuer and/or the Redemption Calculation Agent determines, in its discretion, acting in a commercially reasonable manner, that a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with Condition 14 (*Notices*) and:

- (i) if “Redemption following Merger” is specified as being applicable in the relevant Final Terms, redeem all of the Credit Linked Notes at the Merger Redemption Amount; or
- (ii) if “Replacement Reference Entity following Merger” is specified as being applicable in the relevant Final Terms, the Redemption Calculation Agent shall determine in its sole and absolute

discretion a new Reference Entity (a “**Replacement Reference Entity**”) and shall notify the Noteholders of such Replacement Reference Entity no later than five Business Days after the determination of the Replacement Reference Entity. The Replacement Reference Entity shall:

- (A) be in the same industry group as the Reference Entity, as determined in good faith and in a commercially reasonable manner by the Redemption Calculation Agent;
- (B) have a Credit Rating equal to, or better than, the one applicable to the Reference Entity;
- (C) principally be traded in the credit derivatives market in respect of the same Geographical Region as the Reference Entity, as determined in good faith and in a commercially reasonable manner by the Redemption Calculation Agent; and
- (D) not be an Affiliate of the Reference Entity or the Issuer both immediately prior to and following the relevant Merger Event.

In the event that there is no entity which meets the requirements set out above, the Replacement Reference Entity shall be an entity that satisfies as many of the requirements set out above as possible, as determined in good faith by the Redemption Calculation Agent.

## 9 **Redemption Failure Event**

(a) If a Redemption Failure Event has occurred and exists on the Scheduled Maturity Date or Redemption Date, the obligation of the Issuer to pay the Auction Redemption Amount, the Cash Redemption Amount, the Final Auction Redemption Amount, the Final Cash Redemption Amount or to Deliver the Physical Redemption Assets or part thereof, as the case may be, will be postponed without further act or notice and such payment or Delivery will be made on a Business Day selected by the Issuer on which such Redemption Failure Event no longer exists, provided that, if such Redemption Failure Event continues to exist on the tenth Business Day after the Scheduled Maturity Date or Redemption Date or other scheduled payment or delivery date (including a date scheduled to be the Delivery Date) in respect of an amount required to be paid or Deliverable Obligations to be Delivered (as the case may be), the Noteholder may request the Issuer in writing to make payment of such amount to such account or to such other person as the Noteholder specifies, provided that, the Issuer first receives an irrevocable and unconditional release and indemnity in respect of liabilities arising therefrom to its sole and absolute satisfaction.

(b)

- (i) Notwithstanding anything to the contrary in the Conditions but subject to sub-paragraph (ii) below, if the Issuer determines (in its discretion, acting in a commercially reasonable manner) that such Redemption Failure Event continues to exist on the 90th calendar day after the Scheduled Maturity Date or Redemption Date or other scheduled payment or delivery date (including a date scheduled to be the Delivery Date) (a “**Continuing Redemption Failure Event**”) in respect of an amount required to be paid where the Noteholder has not elected for payment to be made to a third party (if applicable) in accordance with sub-paragraph (a) above, or Deliverable Obligations to be Delivered (as the case may be) no such payment or Delivery will be made by the Issuer and the Issuer’s obligations to the Noteholder hereunder will be deemed to be fully discharged as of that date.
- (ii) Notwithstanding sub-paragraph (i) above, if a Continuing Redemption Failure Event occurs as a result of the circumstances described in sub-paragraph (c) of the definition of “Redemption Failure Event”, and “Fallback Cash Redemption” is specified to apply in the relevant Final Terms, the Issuer shall apply “Cash Redemption” pursuant to the fallback cash redemption terms in

Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*) with respect to the Deliverable Obligations that have not been Delivered.

- (c) Any postponement or deemed discharge of payment pursuant to this Credit Linked Condition 9 (*Redemption Failure Event*) will not constitute a default hereunder (including for the purpose of Condition 7 (*Events of Default*)) and will not entitle the relevant Noteholder to any additional interest or other payment as a result thereof. For the avoidance of doubt, the provisions of this Credit Linked Condition 9(c) are in addition to any provisions of Credit Linked Condition 6 (*Physical Redemption Terms*) above regarding, *inter alia*, the failure to Deliver Deliverable Obligations.

## 10 Effect of DC Announcements

### (a) Event Determination Dates

#### (i) Reversal of DC Credit Event Announcement

If an Event Determination Date is subsequently reversed prior to the relevant Auction Final Price Determination Date, a Valuation Date, a Redemption Date (or, if earlier, a Delivery Date) or the Scheduled Maturity Date, a Credit Event shall be deemed not to have occurred with respect to the Reference Entity for the purposes of these Credit Linked Conditions.

#### (ii) Linear Basket Notes

Where the Notes are Linear Basket Notes, an Event Determination Date may occur in respect of each Reference Entity comprised in the Basket provided that, other than in respect of a Restructuring, an Event Determination Date shall apply only once to each such Reference Entity.

### (b) Redemption Suspension

If, following the occurrence of a Relevant Event Determination Date but prior to the relevant Redemption Date, Delivery Date or, to the extent applicable, a Valuation Date in respect of a Reference Entity, there is an Applicable DC Credit Event Meeting Announcement, all timing requirements in these Credit Linked Conditions that pertain to settlement shall toll and remain suspended until the date of the Applicable DC Credit Event Announcement or Applicable DC Credit Event Question Dismissal, as applicable. During such suspension period, the Issuer is not obliged to take any action in connection with the settlement of such Credit Event or the redemption, if any, of the Credit Linked Notes. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal has occurred, the relevant timing requirements that pertain to settlement that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary with the Issuer having the benefit of the full day notwithstanding when the tolling or suspension began. The Issuer shall deliver, or cause the Issuing and Paying Agent to deliver, a notice (a “**Redemption Suspension Notice**”) in accordance with Condition 14 (*Notices*) to the Noteholders giving notice of any suspension or resumption of timing requirements pursuant to this Credit Linked Condition 10 (*Effect of DC Announcements*).

## 11 Principal Protected Redemption Terms

Subject to Credit Linked Condition 10 (*Effect of DC Announcements*), if “Principal Protected Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms and a Relevant Event Determination Date occurs then, unless previously redeemed or purchased and cancelled, redemption of the Credit Linked Notes shall take place by payment by the Issuer of (a) if Credit Payment on Maturity applies, the Applicable Proportion of the Principal Protected Amount and the outstanding portion of each Note (if any) at its *pro rata* Maturity Redemption Amount (as determined by the Redemption Calculation Agent) on the Final Cash Redemption Date and (b) if Credit Payment on Maturity does not apply, the Applicable Portion of the

Principal Protected Amount on the Cash Redemption Date and the outstanding portion of each Note (if any) at its *pro rata* Maturity Redemption Amount (as determined by the Redemption Calculation Agent) on the later of the Scheduled Maturity Date and the Extended Maturity Date. For the avoidance of doubt, nothing in this Credit Linked Condition 11 (*Principal Protected Redemption Terms*) shall prejudice the provisions of Credit Linked Condition 2 (*Interest on Credit Linked Notes*).

## 12 Fixed Recovery Redemption Terms

### (a) *Redemption at the Fixed Recovery Redemption Amount*

Subject to Credit Linked Condition 10 (*Effect of DC Announcements*), unless previously redeemed or purchased and cancelled, if “Fixed Recovery Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms, then following the occurrence of a Relevant Event Determination Date, redemption of the Applicable Proportion of each Credit Linked Note shall take place in accordance with Credit Linked Condition 7 (*Cash Redemption Terms*), provided that the Cash Redemption Amount or Final Cash Redemption Amount (if “Credit Payment on Maturity” applies) shall be determined using the Fixed Recovery Percentage specified in the relevant Final Terms instead of the Final Price, as further set out in the definitions of Cash Redemption Amount and Final Cash Redemption Amount in Credit Linked Condition 18 (*Definitions*).

### (b) *Fixed Recovery Percentage of zero*

If the Fixed Recovery Percentage is zero, following the occurrence of a Relevant Event Determination Date, the occurrence of the Fixed Recovery Redemption Date shall fully and effectively discharge the Issuer’s obligation to redeem the Applicable Proportion of the relevant Note.

## 13 Successor Provisions

### (a) *Successor Determinations*

The Redemption Calculation Agent will be responsible for determining, as soon as reasonably practicable after delivery of a Successor Notice and with effect from the Succession Date, any Successor or Successors provided that the Redemption Calculation Agent will not make such determination if, at the time of the determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

The Redemption Calculation Agent will make all calculations and determinations required to be made under this Clause 13 on the basis of Eligible Information and will notify the Issuer and the Issuing and Paying Agent of any such calculation or determination as soon as practicable. In calculating the percentages used to determine whether an entity qualifies as a Successor under this Credit Linked Condition 13(a) (*Successor Determinations*), if there is a Steps Plan, the Redemption Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

### (b) *Multiple Successors*

Following a Succession Date if more than one Successor has been identified, the Credit Linked Notes will be amended without the consent of the Noteholders to reflect the following terms:

- (i) each Successor will be a Reference Entity and more than one Credit Event may occur during the Term of the Credit Linked Notes but, subject to Credit Linked Condition 4 (*Credit Event Notice after M(M)R Restructuring*), once only in relation to each Successor;

- (ii) where a Credit Event occurs in respect of a Reference Entity after such Succession Date, the Credit Linked Notes will not redeem in whole in respect of a Successor but instead the provisions of these Credit Linked Conditions shall be deemed to apply to the nominal amount represented by that Reference Entity only (the “**Partial Nominal Amount**”), the Credit Linked Notes shall, thereafter, be redeemed in part (such redeemed part being equal to a Noteholder’s *pro rata* share of the Partial Nominal Amount) (provided that if Credit Payment on Maturity applies such partial redemption shall occur only on the Final Cash Redemption Date or Final Auction Redemption Date (as applicable)) and the Credit Linked Conditions and/or the Final Terms shall be construed accordingly. Following such event, the Credit Linked Notes shall remain outstanding in an amount equal to the Outstanding Aggregate Nominal Amount of the Credit Linked Notes and interest shall accrue on the Outstanding Aggregate Nominal Amount of the Credit Linked Notes only (in accordance with these Credit Linked Conditions, adjusted in such manner as the Redemption Calculation Agent in its discretion, acting in a commercially reasonable manner, determines to be appropriate to reflect the economic effects of the identification of more than one Successor); and
- (iii) with respect to Linear Basket Notes only, the Reference Entity Notional Amount of the original Reference Entity will be divided equally between the number of Successors and the Redemption Calculation Agent shall determine the relevant type of Reference Entity (including any relevant Obligation and Deliverable Obligation Category and Deliverable Obligation Characteristics in its discretion, acting in a commercially reasonable manner) by reference to market practice in such type of Reference Entity.
- (iv) If a single entity would be a Reference Entity hereunder more than once:
  - (A) in respect of First-to-Default Credit Linked Notes, that Reference Entity shall be deemed to be specified only once; and
  - (B) in respect of Linear Basket Notes, that Reference Entity shall be deemed to be a Reference Entity only once, and the Reference Entity Notional Amount for such Reference Entity will be the sum of the Reference Entity Notional Amounts otherwise applicable to it,

(and such change shall have no effect on the Outstanding Aggregate Nominal Amount of the Linear Basket Notes and/or the First-to-Default Credit Linked Notes).

(c) *Exchange Offer*

In the case of an exchange offer, the determination required pursuant to sub-paragraph (a) of the definition of “Successor” shall be made on the basis of the Outstanding Principal Balance of Relevant Obligations exchanged and not on the basis of the Outstanding Principal Balance of the Exchange Bonds or Loans.

(d) *Joint Potential Successors*

If two or more entities (each, a “**Joint Potential Successor**”) jointly succeed to a Relevant Obligation (the “**Joint Relevant Obligation**”) either directly or as a provider of a Relevant Guarantee, then (a) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (b) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

(e) *Eligible Successors*

An entity may only be a Successor if:

- (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor;
- (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
- (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

## 14 Deliverable Obligations

(a) *Restructuring Maturity Limitation*

If (i) “Physical Redemption” is specified as the Credit Event Redemption Method and “Mod R” is specified as applicable in the relevant Final Terms and (ii) “Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Issuer, then, unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may only be specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date, in each case, as of the Delivery Date.

(b) *Modified Restructuring Maturity Limitation*

- (i) If (i) “Physical Redemption” is specified as the Credit Event Redemption Method and “Mod Mod R” is specified as applicable in the relevant Final Terms and (ii) Restructuring is the only Credit Event specified in a Credit Event Notice delivered by Issuer, then, unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may only be specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date in each case, as of the Delivery Date. Notwithstanding the foregoing, for purposes of this paragraph, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.
- (ii) Where Modified Restructuring Maturity Limitation applies and a Deliverable Obligation specified in the Notice of Physical Settlement (or in any NOPS Amendment Notice, if applicable) is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer, and the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason), or is not received by the Physical Redemption Date (in which case it shall be deemed to have been refused), the Issuer shall promptly notify the Issuing and Paying Agent of such refusal (or deemed refusal) and if the Noteholder does not designate a third party or the Noteholder does not take Delivery on or prior to the Alternative Procedure Start Date, then Credit Linked Condition 6(i) (*Alternative Procedures Relating to Loans not Delivered*) shall apply.

(c) *Determination of Final Maturity Date*

For the purposes of making a determination under sub-paragraph (a) or (b)(i) of this Credit Linked Condition 14 (*Restructuring Maturity Limitation*), the relevant final maturity date shall, subject to the definition of “Conditionally Transferable Obligation”, be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

(d) *Multiple Holder Obligation*

Unless “Multiple Holder Obligation” is specified to be not applicable in the relevant Final Terms, then none of the events described in sub-paragraphs (i) to (iv) of the definition of “Restructuring” shall constitute a Restructuring unless the Obligation is a Multiple Holder Obligation, where “**Multiple Holder Obligation**” means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event (provided that sub-paragraph (ii) shall be deemed to be satisfied where the Obligation is a Bond).

## 15 Reference Obligation

(a) *Standard Reference Obligation and Non-Standard Reference Obligation*

- (i) If “Standard Reference Obligation” is specified as applicable in the relevant Final Terms, then the Reference Obligation for the relevant Reference Entity will be the Standard Reference Obligation which is the obligation of the relevant Reference Entity with the relevant Seniority Level specified from time to time on the SRO List published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA for such purposes.
- (ii) If “Standard Reference Obligation” is not specified as applicable in the relevant Final Terms then the Reference Obligation(s) for the relevant Reference Entity will be each Non-Standard Reference Obligation specified in the relevant Final Terms for such Reference Entity.

(b) *Substitute Reference Obligation*

- (i) If a Substitution Event has occurred with respect to a Non-Standard Reference Obligation, the Redemption Calculation Agent may identify a Substitute Reference Obligation in accordance with sub-paragraphs (iii), (iv) and (v) of this Credit Linked Condition 15(b) (*Substitute Reference Obligation*) to replace such Non-Standard Reference Obligation; provided that the Redemption Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
- (ii) If any of the events set forth under sub-paragraph (a) or (c) of the definition of “Substitution Event” have occurred with respect to a Non-Standard Reference Obligation, such Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the “Not Subordinated” Obligation Characteristic or “Not Subordinated” Deliverable Obligation Characteristic and sub-paragraph (iii)(B) of this Credit Linked Condition 15(b) (*Substitute*

*Reference Obligation*)). If the event set forth in sub-paragraph (b) of the definition of “Substitution Event” has occurred with respect to a Non-Standard Reference Obligation and no Substitute Reference Obligation is available, such Non-Standard Reference Obligation will continue to be a Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under sub-paragraph (a) or (c) of the definition of “Substitution Event” occur with respect to such Non-Standard Reference Obligation.

- (iii) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
- (A) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
  - (B) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change the priority of payment after such date) and on the Substitution Date; and
  - (C)
    - (I) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
      - 1. is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of “Deliverable Obligation”; or if no such obligation is available,
      - 2. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of “Deliverable Obligation”;
    - (II) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
      - 1. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
      - 2. is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of “Deliverable Obligation”; or if no such obligation is available,
      - 3. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
      - 4. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of “Deliverable Obligation”; or
    - (III) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
      - 1. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,



2. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
  3. is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of “Deliverable Obligation”; or if no such obligation is available,
  4. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of “Deliverable Obligation”.
- (iv) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in sub-paragraph (iii) of this Credit Linked Condition 15(b) (*Substitute Reference Obligation*), the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the relevant Series, as determined by the Redemption Calculation Agent. The Redemption Calculation Agent will (if a Substitute Reference Obligation has not been identified) notify the Issuing and Paying Agent of a Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with sub-paragraph (iii) of this Credit Linked Condition 15(b) (*Substitute Reference Obligation*) and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation immediately upon such notification.
- (v) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Redemption Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation then, subject to sub-paragraph (i) of this Credit Linked Condition 15(b) (*Substitute Reference Obligation*) and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with sub-paragraph (ii) of this Credit Linked Condition 15(b) (*Substitute Reference Obligation*), the Redemption Calculation Agent may continue to attempt to identify the Substitute Reference Obligation.
- (c) *Reference Obligation Only Series*
- (i) If the event set out in sub-paragraph (a) of the definition of “Substitution Event” occurs with respect to the Reference Obligation in a Series of Notes in respect of a Reference Entity to which “Reference Obligation Only” applies, and such Reference Obligation is the only Reference Obligation for such Reference Entity, the Applicable Proportion of each Note shall be redeemed at the fair market value of the Applicable Proportion of each Note determined by the Issuer as at the Substitution Event Date and adjusted to take into account any Hedge Unwind Costs, if applicable. The Issuer shall deliver, or cause the Issuing and Paying Agent to deliver, a notice in accordance with Condition 14 (*Notices*) to the Noteholders stating the occurrence of such Substitution Event and setting out the Redemption Date in respect thereof, which shall be a date not earlier than the relevant Substitution Event Date.
  - (ii) Notwithstanding the definition of “Substitute Reference Obligation” (a) no Substitute Reference Obligation shall be determined in respect of the Reference Obligation for a Reference Entity to which “Reference Obligation Only” applies, and (b) if the events set out in sub-paragraph (b) or (c) of the definition of “Substitution Event” occur with respect to the Reference Obligation to which “Reference Obligation Only” applies, such Reference Obligation shall continue to be the Reference Obligation.

(d) *DC Substitute Reference Obligation Resolution*

Notwithstanding the provision of Credit Linked Condition 15(b) (*Substitute Reference Obligation*), the Redemption Calculation Agent may, but shall not be obliged to, select as the Substitute Reference Obligation for a Series of Notes an obligation of the relevant Reference Entity which is determined by DC Resolution to be the Substitute Reference Obligation to a Non-Standard Reference Obligation.

## 16 Redemption Calculation Agent Determination

- (a) Except as otherwise specified in the relevant Final Terms, any determination, discretion or calculation of the Issuer or the Redemption Calculation Agent as may be specified in these Credit Linked Conditions will be made at the discretion, acting in a commercially reasonable manner, of the Issuer or the Redemption Calculation Agent, as applicable, and neither the Issuer or the Redemption Calculation Agent assumes any obligation to, or relationship of agency or trust with, any Noteholders or any other person and shall be (save in the case of manifest error at the time the relevant determination is made) final and binding on the Noteholders. Furthermore, the Issuer shall procure the agreement of each Noteholder that neither the Issuer nor the Redemption Calculation Agent is acting as fiduciary for or as an advisor to such Noteholder and acts in all respects as an arm's length contractual counterparty in respect of its duties as Issuer or Redemption Calculation Agent. In making any such determination or calculation or exercising any such discretion, neither the Issuer nor Redemption Calculation Agent shall be required to take into account any person's interest other than its own.
- (b) The Redemption Calculation Agent is responsible for, *inter alia*:
- (i) determining a Successor or Successors and making any other determinations required to be made under Credit Linked Condition 13 (*Successor Provisions*);
  - (ii) determining whether (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments) (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any reason other than as described in (A) or (B) above and other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity;
  - (iii) identifying and determining a Substitute Reference Obligation;
  - (iv) in the event that multiple Credit Event Notices with respect to an M(M)R Restructuring Credit Event are delivered pursuant to Credit Linked Condition 4 (*Credit Event Notice after M(M)R Restructuring*), making any modifications required pursuant to that Credit Linked Condition;
  - (v) obtaining Quotations (and, if necessary, determining whether such Quotations shall include or exclude accrued but unpaid interest) and determining the Final Price in accordance with the applicable Valuation Method;
  - (vi) converting the Quotation Amount into the relevant Obligation Currency;
  - (vii) determining the Quotation Dealers (where none have been specified in the relevant Final Terms) and substituting Quotation Dealers;
  - (viii) determining the Currency Rate;
  - (ix) determining the number of Business Days in each Physical Settlement Period;

- (x) determining the Outstanding Principal Balance or Due and Payable Amount of the Deliverable Obligations to be included in the Physical Redemption Assets; and
  - (xi) if “Include Accrued Interest” is specified in the relevant Final Terms with respect to Deliverable Obligations, determining accrued but unpaid interest; and
  - (xii) determining whether a Merger Event has occurred.
- (c) Except as otherwise expressly specified herein or in the relevant Final Terms, whenever the Redemption Calculation Agent is required to act or to exercise judgment, it will do so in good faith and in a commercially reasonable manner.
- (d) The Redemption Calculation Agent shall as soon as practicable after making any of the determinations specified in sub-paragraphs (b)(i) to (xii) of this Credit Linked Condition 16 notify the Issuer of such determination.
- (e) If any of the matters set out in this Credit Linked Condition 16 (*Redemption Calculation Agent Determination*) are decided and/or determined by a Credit Derivatives Determinations Committee, the Redemption Calculation Agent may follow such decision or determination to the extent such decision and/or determination is applicable to any Credit Linked Notes. In certain circumstances, the Redemption Calculation Agent shall be required to follow the decisions or determinations of a Credit Derivatives Determinations Committee or determinations made by the Redemption Calculation Agent may be overridden by subsequent determinations made by a Credit Derivatives Determinations Committee.

## 17 Notices

### (a) *Interpretation*

References in these Credit Linked Conditions to a notice being delivered in accordance with Condition 14 (*Notices*) shall include such Condition as amended by the terms of any Global Note representing the Notes. *A description of the modifications to the conditions when the Notes are represented by a Global Note is set out in the section entitled “Summary of provisions relating to the Notes while in global form” of the Base Prospectus.*

### (b) *Notices required to be delivered*

The Issuer shall deliver, or may cause the Issuing and Paying Agent to deliver, notice to the Noteholders of the following, in accordance with Condition 14 (*Notices*), to the extent required to be delivered pursuant to the terms of the Credit Linked Notes:

- (i) A Credit Event Notice and, if applicable, a Notice of Publicly Available Information;
- (ii) A Notice of Physical Settlement and, if applicable, any NOPS Amendment Notice;
- (iii) A Successor Notice and, if applicable, details of any amendments to the Weighting of each Reference Entity within the Reference Portfolio (provided that no Successor Notice shall be required following a determination by a Credit Derivatives Determinations Committee that a Succession Event has occurred);
- (iv) If the terms of any Credit Linked Notes provide for the Reference Portfolio to be amended from time to time other than as a result of the identification of any Successor, details of any amendments to the Reference Portfolio;
- (v) The designation of any Substitute Reference Obligation (provided that (A) no such notice shall be required following a determination by a Credit Derivatives Determinations Committee of a

Substitute Reference Obligation has occurred and (B) the failure of the Issuer to deliver a notice to the Noteholders pursuant to this Credit Linked Condition 17 (*Notices*) shall not affect the effectiveness of any designation of such Substitute Reference Obligation by the Redemption Calculation Agent (such designation to be in accordance with these Credit Linked Conditions);

- (vi) Following the determination of the Cash Redemption Amount with respect to any Credit Linked Notes subject to the provisions of Credit Linked Condition 7 (*Cash Redemption Terms*), a notice specifying, to the extent applicable:
  - (A) the Deliverable Obligation(s) which were the subject of the Quotation;
  - (B) the Valuation Date;
  - (C) the Quotation Amount;
  - (D) the Quotations obtained;
  - (E) the Final Price (if applicable);
  - (F) the Fixed Recovery Percentage (if applicable);
  - (G) the Principal Protected Amount (if applicable);
  - (H) the Cash Redemption Amount; and
  - (I) if applicable, any Hedge Unwind Costs;
- (vii) Following the determination of the Auction Redemption Amount with respect to any Credit Linked Notes subject to the provisions of Credit Linked Condition 5 (*Auction Redemption Terms*), a notice specifying the Auction Redemption Amount (including the Auction Final Price and, if applicable, the Hedge Unwind Costs);
- (viii) A Repudiation/Moratorium Extension Notice; or
- (ix) A Redemption Suspension Notice.

(c) *Effectiveness of Notices*

- (i) Any notice required to be delivered by the Issuer to Noteholders in accordance with these Credit Linked Conditions shall be deemed to have been delivered to Noteholders upon delivery of such notice to the Issuing and Paying Agent. The failure of the Issuing and Paying Agent to deliver any such notice to Noteholders shall not affect the effectiveness of any notice delivered by the Issuer or the effectiveness of any determinations by the Redemption Calculation Agent or, as applicable, the right of the Issuer to redeem the Applicable Proportion of each Credit Linked Note pursuant to and in accordance with Credit Linked Condition 1 (*Redemption of Credit Linked Notes*).
- (ii) A notice delivered by the Issuer to the Issuing and Paying Agent on or prior to 4:00 p.m. (Luxembourg time) on an Issuer Business Day will be effective on such Issuer Business Day. A notice delivered after 4:00 p.m. (Luxembourg time) on an Issuer Business Day will be deemed effective on the next following Issuer Business Day, regardless of the form in which it is delivered.
- (iii) Other than as specified herein, Clauses 24 (*Communications*) and 25 (*Notices*) of the Agency Agreement shall apply to any relevant communications and notices delivered in accordance with these Credit Linked Conditions.

(d) *Confidentiality*

Noteholders will treat as confidential any information about a Reference Entity which is designated by the Issuer as confidential information and conveyed to the Noteholders for the purposes of identifying the Credit Event or giving rise to its determination of a Credit Event.

## 18 Definitions

The following definitions which relate to the Credit Linked Notes should be read in conjunction with the Credit Linked Conditions:

“**Affiliate**” means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “**control**” of any entity or person means ownership of a majority of the voting power of the entity or person.

“**Applicable Auction**” means an Auction which the Redemption Calculation Agent determines is relevant to a Credit Event with respect to a Reference Entity and Obligations thereof and which relates to deliverable obligations which would constitute Reference Obligation(s) and/or Deliverable Obligation(s), as applicable, under the Notes (or if an Asset Package Credit Event has occurred, which relates to the Asset Package for obligations which would constitute Prior Deliverable Obligation(s) or Package Observable Bond(s), as applicable, under the Notes) (for which purpose the Redemption Calculation Agent may take into account (a) the credit derivatives transaction(s) and the relevant seniority level thereof, credit event, reference entity, obligations and deliverable obligations to which the Auction relates and, if the Auction relates to an M(M)R Restructuring, the Scheduled Maturity Date of the Notes and the scheduled termination date of the credit derivatives transactions covered by the Auction and the maturity date of the deliverable obligations to which the Auction relates, and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

“**Applicable Credit Derivatives Auction Settlement Terms**” means with respect to a Reference Entity, a Credit Event and an Applicable Auction, the Credit Derivatives Auction Settlement Terms (if any) which the Redemption Calculation Agent determines are relevant to the Notes (for which purpose the Redemption Calculation Agent may take into account (a) the credit derivatives transaction(s) and the relevant seniority level thereof, credit event, reference entity, obligation(s), deliverable obligations, Package Observable Bonds and Prior Deliverable Obligations (as applicable) which are the subject of the relevant Credit Derivatives Auction Settlement Terms and the Credit Events, Reference Entities and Obligations and Deliverable Obligations under the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes). The Redemption Calculation Agent shall, as soon as practicable after the relevant Applicable Credit Derivatives Auction Settlement Terms are published, notify the Issuer that Applicable Credit Derivatives Auction Settlement Terms have been published with respect to a Reference Entity and a Credit Event and make a copy thereof available for inspection by Noteholders.

“**Applicable DC Credit Event Announcement**” means a DC Credit Event Announcement which the Redemption Calculation Agent determines is relevant to the Notes (for which purpose the Redemption Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof to which such DC Credit Event Announcement relates and the terms of the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

“**Applicable DC Credit Event Meeting Announcement**” means a DC Credit Event Meeting Announcement which the Redemption Calculation Agent determines is relevant to the Notes (for which purpose the Redemption Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event,

reference entity and obligation(s) thereof which are the subject of the DC Credit Event Meeting Announcement) and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**“Applicable DC Credit Event Question”** means a DC Credit Event Question which the Redemption Calculation Agent determines is relevant to the Notes (for which purpose the Redemption Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof which are the subject of the DC Credit Event Question and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**“Applicable DC Credit Event Question Dismissal”** means a DC Credit Event Question Dismissal which the Redemption Calculation Agent determines is relevant to the Notes (for which purpose the Redemption Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof which are the subject of the DC Credit Event Question Dismissal) and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**“Applicable DC No Credit Event Announcement”** means a DC No Credit Event Announcement which the Redemption Calculation Agent determines is relevant to the Notes (for which purpose the Redemption Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof which are the subject of the DC No Credit Event Announcement and the Credit Events, Reference Entities and Obligations thereof under the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**“Applicable Percentage”** means in, respect of each Note or in respect of a Series of Notes:

- (a) if the Relevant Credit Event is not an M(M)R Restructuring Credit Event and the Note is a Single Name Credit Linked Note or a First-to-Default Credit Linked Note, 100 per cent.;
- (b) if the Relevant Credit Event is not an M(M)R Restructuring Credit Event and the Note is a Linear Basket Note, the Weighting of the affected Reference Entity or, if no Weighting is specified for such Reference Entity, an amount (expressed as a percentage) equal to the Reference Entity Notional Amount of the Reference Entity to which the relevant Credit Event or the relevant redemption relates divided by the Original Aggregate Nominal Amount of the Linear Basket Note; or
- (c) if the Relevant Credit Event is an M(M)R Restructuring Credit Event, an amount (expressed as a percentage) equal to the Exercise Amount specified in the relevant Credit Event Notice relating to the relevant Reference Entity and Credit Event divided by the Original Aggregate Nominal Amount of the Notes.

**“Applicable Proportion”** means the Applicable Percentage multiplied by the Specified Denomination of a Credit Linked Note.

**“Applicable Resolution”** means a DC Resolution of a Credit Derivatives Determinations Committee which the Redemption Calculation Agent determines is relevant to the Notes (for which purpose the Redemption Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof and any other factor to which the DC Resolution relates and the terms of the Notes and (b) any hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**“Applicable Transaction Auction Settlement Terms”** means, with respect to a Reference Entity and a Credit Event, the relevant Credit Derivatives Auction Settlement Terms which the Redemption Calculation Agent determines constitute Applicable Credit Derivatives Auction Settlement Terms.

**“Asset”** means each obligation, equity, amount of cash, security, fee (including any “early-bird” or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by

the Reference Entity or a third party (or any value which was realised or capable of being realised in circumstances where the right and/or other asset no longer exists).

“**Asset Market Value**” means the market value of an Asset, as the Redemption Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

“**Asset Package**” means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero. An Asset Package shall be treated as having the same currency and Outstanding Principal Balance as that of the Prior Deliverable Obligation or Package Observable Bond (as applicable) to which it corresponds immediately prior to the Asset Package Credit Event.

“**Asset Package Credit Event**” means:

- (a) if “Financial Reference Entity Terms” and “Governmental Intervention” are specified as applicable in the relevant Final Terms: (i) a Governmental Intervention; or (ii) a Restructuring in respect of the Reference Obligation of the relevant Reference Entity, if “Restructuring” is specified as applicable in the relevant Final Terms and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and “Restructuring” is specified as applicable in the relevant Final Terms, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

“**Auction**” means, with respect to a Reference Entity and a Credit Event, unless otherwise specified in the Applicable Transaction Auction Settlement Terms an auction pursuant to which an Auction Final Price is to be determined in accordance with the auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms.

“**Auction Cancellation Date**” means, with respect to an Auction, unless otherwise specified in the relevant Applicable Transaction Auction Settlement Terms, the date on which such Auction was deemed to have been cancelled as announced by the DC Secretary (and/or the administrators specified in the relevant Credit Derivatives Auction Settlement Terms) on its website or such other date as determined and announced in accordance with the relevant Applicable Transaction Auction Settlement Terms.

“**Auction Final Price**” means, with respect to an Applicable Auction, unless otherwise specified in the relevant Applicable Transaction Auction Settlement Terms, the price (expressed as a percentage) in respect of the deliverable obligations which would constitute Reference Obligation(s) and/or Deliverable Obligation(s) under the Notes if an Asset Package Credit Event has resulted in such Applicable Auction, in respect of the Asset Package which results from either a Prior Deliverable Obligation or a Package Observable Bond under the Notes, determined to be the Auction Final Price in accordance with the relevant Applicable Transaction Auction Settlement Terms. The Redemption Calculation Agent shall as soon as practicable after publication of the Auction Final Price in respect of an Applicable Auction make available for inspection by Noteholders a copy of the relevant Applicable Transaction Auction Settlement Terms and copies of the relevant publication of the Auction Final Price. If an Asset Package Credit Event has occurred and the Redemption Calculation Agent determines that the Auction Final Price does not reflect the entire relevant Asset Package (including any cash forming part of the Asset Package and any cash in respect of the Asset Market Value of any Non-Financial Instrument or Non-Transferable Instrument), the Redemption Calculation Agent may make such adjustment as

it deems necessary to the Auction Final Price in accordance with Credit Linked Condition 5(d) (*Auction Final Price of the Asset Package*).

“**Auction Final Price Determination Date**” means, with respect to an Applicable Auction, the day, if any, on which the Auction Final Price is determined or such other date as specified in the relevant Applicable Transaction Auction Settlement Terms.

“**Auction Redemption Amount**” means, in respect of each Credit Linked Note, unless otherwise specified in the relevant Final Terms, an amount calculated by the Redemption Calculation Agent equal to the lesser of: (i) the Applicable Proportion plus accrued but unpaid interest on such Applicable Proportion; and (ii) the greater of zero and  $[A \times B] - C$  where:

“**A**” is the Applicable Proportion;

“**B**” is the Auction Final Price; and

“**C**” is each Credit Linked Note’s *pro rata* share of the Hedge Unwind Costs.

“**Auction Redemption Amount Notice**” means a notice specifying the Auction Redemption Amount or the Final Auction Redemption Amount (as applicable), including the Auction Final Price and, if applicable, Hedge Unwind Costs.

“**Auction Redemption Amount Notice Period End Date**” means the date that is five Business Days following the Auction Final Price Determination Date.

“**Auction Redemption Date**” means the date that is five Business Days following the date on which the Issuer delivers the Auction Redemption Amount Notice to the Issuing and Paying Agent.

“**Bankruptcy**” means the Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due, (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective, (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof, (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger), (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter, or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in sub-paragraphs (a) to (g) of this definition.

“**Cash Redemption Amount**” means, in respect of each Credit Linked Note, unless otherwise specified in the relevant Final Terms, an amount calculated by the Redemption Calculation Agent equal to the lesser of: (i) the Applicable Proportion plus accrued but unpaid interest on such Applicable Proportion; and (ii) the greater of zero and  $[A \times B] - C$  where:



“A” is the Applicable Proportion;

“B” is the Final Price or, in respect of a Fixed Recovery Note, the Fixed Recovery Percentage; and

“C” is each Credit Linked Note’s *pro rata* share of the Hedge Unwind Costs.

“**Cash Redemption Amount Notice**” has the meaning given to it in Credit Linked Condition 7(b)(iii) (*Determination of Final Price*).

“**Cash Redemption Amount Notice Period End Date**” means the date that is five Business Days following the Final Price Determination Date.

“**Cash Redemption Date**” means (a) if the Notes are not Principal Protected Notes, the date that is five Business Days following the date on which the Issuer delivers the Cash Redemption Amount Notice to the Issuing and Paying Agent and (b) if the Notes are Principal Protected Notes, five Business Days following (i) the Event Determination Date, or (ii) if the Event Determination Date occurs pursuant to sub-paragraph (a)(ii) of the definition of “Event Determination Date” or sub-paragraph (b)(i) of the definition of “Non-Standard Event Determination Date”, the day on which the Applicable DC Credit Event Announcement occurs.

“**Conditionally Transferable Obligation**” means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of the Delivery Date, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor of the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer to so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of “Conditionally Transferable Obligation”.

“**Conforming Reference Obligation**” means a Reference Obligation which is a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of “Deliverable Obligation”.

“**Continuing Redemption Failure Event**” has the meaning given to it in Credit Linked Condition 9(b).

“**Credit Derivatives Auction Settlement Terms**” means any Credit Derivatives Auction Settlement Terms published by ISDA a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time. The Redemption Calculation Agent shall be authorised to construe any Credit Derivatives Auction Settlement Terms (including any Transaction Auction Settlement Terms or Parallel Auction Settlement Terms) in such manner as it shall determine in its discretion, acting in a commercially reasonable manner, to be necessary in order to give effect to the meaning of any word or expression used herein which is defined by reference to such Credit Derivatives Auction Settlement Terms.

“**Credit Derivatives Determinations Committee**” means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions.

“**Credit Event**” means, as determined by the Redemption Calculation Agent, the occurrence of one or more of the following Credit Events as specified in the relevant Final Terms: Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring or Governmental Intervention. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

“**Credit Event Backstop Date**” means the Trade Date.

“**Credit Event Monitoring Period**” means the period from and including the Trade Date to and including the date specified in the Final Terms.

“**Credit Event Notice**” means an irrevocable notice from the Issuer to the Noteholders which the Issuer has the right but not the obligation to deliver that:

- (a) identifies the Series of Credit Linked Notes to which the Credit Event Notice relates;
- (b) states the Issuer’s intention to redeem the Applicable Percentage of the Credit Linked Notes and the relevant Credit Event Redemption Method;
- (c) describes a Credit Event that occurred during the Credit Event Monitoring Period; and
- (d) if “Cash or Physical Redemption or Auction Redemption” or “Cash or Physical Redemption” is specified as the Credit Event Redemption Method in the relevant Final Terms, the Issuer shall notify Noteholders of its election to redeem the Credit Linked Notes by Cash Redemption or Physical Redemption or Auction Redemption (in case of “Cash or Physical Redemption or Auction Redemption”) (and the applicable Fallback Redemption Method) or by Cash Redemption or Physical Redemption (in case of “Cash or Physical Redemption”) as soon as reasonably practicable

Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Maturity Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice that describes a Credit Event other than an M(M)R Restructuring must be in respect of the full Reference Entity Notional Amount of the affected Reference Entity in the relevant Series.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

“**Credit Event Redemption Method**” means “Auction Redemption”, “Physical Redemption”, “Cash Redemption”, “Principal Protected Redemption”, “Fixed Recovery Redemption”, “Cash or Physical Redemption” or “Cash or Physical Redemption or Auction Redemption” as specified in the relevant Final Terms.

“**Credit Event Resolution Request Date**” means, with respect to a DC Credit Event Question, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit

Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

“**Credit Rating**” means any rating assigned by Rating and Investment Information, Inc. or any of its affiliates and successors (collectively “**R&I**”). If no such rating is assigned by R&I, any rating assigned by Japan Credit Rating Agency, Ltd. or any of its affiliates and successors (collectively “**JCR**”), Moody’s Investors Service, Inc. or any of its affiliates and successors (collectively “**Moody’s**”), or S&P Global Ratings, a part of McGraw Hill Financial, or any of its affiliates and successors (collectively “**S&P**”). If the relevant entity has more than one Credit Rating, such Credit Rating shall be decided in the following order of priority: 1) JCR, 2) Moody’s and 3) S&P;

“**Currency Amount**” means, with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice into the currency of denomination of the relevant Replacement Deliverable Obligation.

“**Currency Rate**” means with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, as the Redemption Calculation Agent shall determine and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.

“**Currency Rate Source**” means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

“**CUSIP**” means, with respect to a security, the “CUSIP” identification number assigned to such security (if any).

“**DC Announcement Coverage Cut-off Date**” means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 14 calendar days following the No Auction Announcement Date, if any, as applicable.

“**DC Credit Event Announcement**” means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event for the purposes of the relevant Series has occurred during the Credit Event Monitoring Period provided that if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

“**DC Credit Event Meeting Announcement**” means, with respect to the relevant Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

“**DC Credit Event Question**” means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event in respect to a Reference Entity of the relevant Series has occurred.

**“DC Credit Event Question Dismissal”** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

**“DC No Credit Event Announcement”** means, with respect to the relevant Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event with respect to such Reference Entity.

**“DC Resolution”** means a resolution of the Credit Derivatives Determinations Committee in accordance with the definition of “Resolve” below.

**“DC Rules”** means the Credit Derivatives Determinations Committee Rules, as published by ISDA on its website [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms hereof.

**“DC Secretary”** means ISDA or such other entity designated as DC Secretary in accordance with the DC Rules.

**“Default Requirement”** means the amount specified as such in the relevant Final Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, USD 10,000,000 or its equivalent in the relevant Obligation Currency) in either case, as of the occurrence of the Relevant Credit Event.

**“Deliver”** means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where any equitable title is customarily conveyed, all equitable title) and interest in the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearing system, but including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of “Credit Event”) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) provided that (i) if a Deliverable Obligation is a Direct Loan Participation, **“Deliver”** means to create (or procure the creation of) a participation in favour of the relevant Noteholder and (ii) if a Deliverable Obligation is a Guarantee, **“Deliver”** means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, **“Deliver”** means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. **“Delivery”** and **“Delivered”** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time provided further that each of the Issuer and each Noteholder agrees to comply with the provisions of any documentation (which shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the parties hereunder. The Issuer and each Noteholder further agrees that compliance by it with the provisions of any such documentation, shall be required for, and, without further action, constitute, Delivery for the purposes of this definition (to the extent that such documentation contains provisions describing how Delivery should be effected) and neither the Issuer nor any Noteholder shall be permitted to request that the other take, nor shall it be required to take, any action under Credit Linked Condition 6(b) (*Physical Redemption Assets*) unless otherwise contemplated by such documentation.

**“Deliverable Obligation”** means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the “Method for determining Deliverable Obligations” below;
- (b) the Reference Obligation of the relevant Reference Entity;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation; and
- (d) if Asset Package Delivery is applicable, any Prior Deliverable Obligation (if, “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms) or any Package Observable Bond (if the Reference Entity is a Sovereign),

in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for the purposes of sub-paragraph (d) of this definition, immediately prior to the relevant Asset Package Credit Event).

(A) *Method for determining Deliverable Obligations*

A Deliverable Obligation shall be each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the relevant Final Terms, and, subject to Credit Linked Condition 19 (*Interpretation of Obligation Characteristics and Deliverable Obligation Characteristics*), having each of the Deliverable Obligation Characteristics, if any, specified in the relevant Final Terms, in each case, as of the Delivery Date (unless otherwise specified in the relevant Final Terms). The following terms shall have the following meanings:

- (I) **“Deliverable Obligation Category”** means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of “Obligation” below, except that, for the purposes of determining Deliverable Obligations, the definition of “Reference Obligation Only” shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only).
- (II) **“Deliverable Obligation Characteristics”** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance, (each as defined in the definition of “Obligation” below), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

If an obligation would have been capable of being specified as a Deliverable Obligation immediately prior to a Credit Event in respect of a Reference Entity, such obligation (as in effect after such Credit Event) shall continue to be able to constitute a Deliverable Obligation after the occurrence of such Credit Event. If it is not possible or reasonably practicable to specify any Obligation as a Deliverable Obligation of the Reference Entity because there is or will be no Deliverable Obligation in existence at any time, the Redemption Calculation Agent shall designate by notice (which shall be in writing (including by facsimile and/or by email)) to the Issuing and Paying Agent one or more bonds, loans, instruments, certificates or other obligations which have been or will be issued in exchange, whether pursuant to a mandatory or voluntary exchange, for one or more bonds, loans, instruments, certificates or obligations of the Reference Entity that would have been capable of being specified as a Deliverable Obligation immediately prior to the occurrence of the Relevant Credit Event of the Reference Entity, provided, that failure to deliver such notice shall not affect the effectiveness of such designation.

- (1) **“Accelerated or Matured”** means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws;
- (2) **“Assignable Loan”** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent;
- (3) **“Consent Required Loan”** means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such Loan) or any agent;
- (4) **“Direct Loan Participation”** means a Loan in respect of which, pursuant to a participation agreement, Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer (to the extent the Issuer is then a lender or a member of the relevant lending syndicate), or (B) any lender or member of the relevant lending syndicate nominated by the Issuer or the Redemption Calculation Agent;
- (5) **“Maximum Maturity”** means an obligation that has a remaining maturity of not greater than the period specified in the relevant Final Terms (or if no such period is specified, 30 years);
- (6) **“Not Bearer”** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognised clearing system; and
- (7) **“Transferable”** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the US Notes Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
  - (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
  - (c) restrictions in respect of blocked periods on or around payment dates or voting periods;

**“Deliverable Obligation Notice”** has the meaning given to it in Credit Linked Condition 6(a)(iii)(C) (*Delivery of Physical Redemption Assets*).

**“Deliverable Obligation Provisions”** means the provisions of the Credit Linked Notes that specify criteria for establishing what obligations may constitute Deliverable Obligations.

**“Deliverable Obligation Terms”** has the meaning set out in the relevant Credit Derivatives Auction Settlement Terms.

“**Delivery Date**” means, with respect to a Deliverable Obligation or an Asset Package, the date on which such Deliverable Obligation is Delivered (or deemed to be delivered in accordance with the definition of “Deliver”).

“**Delivery Expenses**” means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Physical Redemption Assets.

“**Domestic Currency**” means the currency specified as such in the relevant Final Terms and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign).

“**Domestic Law**” means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if such Reference Entity is not a Sovereign.

“**Downstream Affiliate**” means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent owned, directly or indirectly, by the Reference Entity.

“**Due and Payable Amount**” means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the Delivery Date) or (B) the Valuation Date, as applicable.

“**Eligible Information**” means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

“**Eligible Transferee**” means

- (a) any
  - (i) bank or other financial institution;
  - (ii) insurance or reinsurance company;
  - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) of this definition); and
  - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),  
provided, however, in each case that such entity has total assets of at least USD 500,000,000;
- (b) an Affiliate of an entity specified in the sub-paragraph (a) of this definition;
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligation, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least USD 100,000,000 or (B) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD 100,000,000;
  - (ii) that has total assets of at least USD 500,000,000; or

- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in sub-paragraph (a), (b), (c)(ii) or (d) of this definition; and

(d)

- (i) any Sovereign; or
- (ii) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this definition of “Eligible Transferee” to USD include equivalent amounts in other currencies as determined by the Redemption Calculation Agent.

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

“**Event Determination Date**” means, with respect to a Credit Event and:

- (a) a Series where “Auction Redemption” is specified as the applicable Credit Event Redemption Method and “Single Notifying Party Event Determination Date” is not specified to be applicable in the relevant Final Terms:
  - (i) subject to sub-paragraph (ii) of this definition, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Credit Event Monitoring Period or the Post Dismissal Additional Period, provided that neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
  - (ii) notwithstanding sub-paragraph (i) of this definition, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Credit Event Monitoring Period and either:
    - (A) (I) the Credit Event is not an M(M)R Restructuring; and (II) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
    - (B) (I) the Credit Event is an M(M)R Restructuring; and (II) a Credit Event Notice is delivered by a Notifying Party to the other party and is effective on or prior to the Exercise Cut-off Date,

provided that:

- (i) no Redemption Date, in respect of the relevant Reference Entity has occurred on or prior to the date on which the Applicable DC Credit Event Meeting Announcement occurs;
- (ii) if any Valuation Date or Delivery Date, as applicable, in respect of the relevant Reference Entity has occurred on or prior to the date on which the Applicable DC Credit Event Meeting Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of the Original Aggregate Nominal Amount of the Credit Linked Notes or, if the Notes are Linear Basket Notes, the Reference Entity Notional Amount of the Reference Entity to which the Event Determination Date relates, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and



- (iii) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered by the Issuer to the Issuing and Paying Agent, (aa) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the Applicable DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, (bb) unless, and to the extent that, the Exercise Amount specified in such Credit Event Notice was less than the Original Aggregate Nominal Amount of the Credit Linked Notes or, if the Notes are Linear Basket Notes, the Reference Entity Notional Amount of the affected Reference Entity, or (cc) unless a credit derivatives transaction with the same tenor and deliverable obligation provisions as the Credit Linked Notes would be an “Auction Covered Transaction” for the purpose of the relevant Credit Derivatives Auction Settlement Terms and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Series; or
- (b) a Series where sub-paragraph (a) of this definition does not apply, the Non-Standard Event Determination Date.

Notwithstanding the foregoing, and unless the Issuer or the Redemption Calculation Agent otherwise elects by notice to the Issuing and Paying Agent, no Event Determination Date will occur with respect to an event, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Physical Redemption Date (or, if earlier, a Delivery Date), or the Scheduled Maturity Date or the Extended Maturity Date, as applicable, a DC No Credit Event Announcement occurs with respect to such event.

**“Excluded Deliverable Obligation”** means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the relevant Final Terms;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

**“Excluded Obligation”** means:

- (a) any obligation of a Reference Entity specified as such or of a type specified in the relevant Final Terms;
- (b) if “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms and the relevant Reference Entity is a Senior Reference Entity, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms and the relevant Reference Entity is a Subordinated Reference Entity, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

**“Exercise Amount”** has the meaning given to that term in Credit Linked Condition 4(a) (*Credit Event Notice after M(M)R Restructuring*).

**“Exercise Cut-off Date”** means either:

- (a) with respect to an M(M)R Restructuring and a Series to which sub-paragraph (a) of the definition of “Event Determination Date” applies:

- (i) if the DC Secretary publishes a Final List applicable to the Applicable Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is seven Relevant City Business Days following the date on which such Final List is published; or
  - (ii) otherwise, the date that is 14 calendar days following the relevant No Auction Announcement Date; or
- (b) with respect to a Credit Event and a Series to which sub-paragraph (a) of the definition of “Event Determination Date” does not apply, the Non-Standard Exercise Cut-off Date,

or, in each case, such other date as the relevant Credit Derivatives Determinations Committee Resolves.

“**Extended Maturity Date**” means:

- (a) if a Relevant Event Determination Date does not occur on or prior to the Notes Extension Date, the later of (i) the Notes Extension Date, or (ii) the Scheduled Maturity Date; or
- (b) if a Relevant Event Determination Date occurs on or prior to the Notes Extension Date, the Auction Redemption Date, the Cash Redemption Date or, in respect of Credit Linked Notes subject to the provisions of Credit Linked Condition 6 (*Physical Redemption Terms*), the Final Delivery Date or such date as is determined in accordance with the partial cash settlement terms in Credit Linked Condition 6(e) (*Partial Cash Redemption due to Impossibility or Illegality*) or the Cash Redemption Date determined pursuant to the partial cash settlement terms set out in Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*).

“**Failure to Pay**” means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure. If “Credit Deterioration Requirement” is specified as applicable in the relevant Final Terms, then, notwithstanding the foregoing, it shall not constitute a Failure to Pay if such failure does not directly or indirectly either result from, or result in, a deterioration in the creditworthiness or financial condition of the Reference Entity. If the Redemption Calculation Agent is to determine whether the Credit Deterioration Requirement has been satisfied, the Redemption Calculation Agent may have reference, without limitation, to the guidance set out in Exhibit F of the 2014 ISDA Credit Derivatives Definitions as published by ISDA.

If an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

“**Fallback Redemption Method**” means, with respect to a Series for which “Auction Redemption” is the Credit Event Redemption Method, if “Cash Redemption” is specified as the Fallback Redemption Method in the relevant Final Terms, Cash Redemption, otherwise Physical Redemption.

“**Final Auction Redemption Amount**” means, in respect of each Note:

- (a) if the Notes are not Linear Basket Notes, the Auction Redemption Amount, or if an (M(M)R Restructuring Credit Event has occurred, the sum of the Auction Redemption Amounts determined in respect of each exercise following such M(M)R Restructuring Credit Event; and

(b) in respect of Linear Basket Notes, an amount calculated by the Redemption Calculation Agent equal to the greater of zero and  $(A - B) + C - D$  where:

“**A**” is the Specified Denomination of the Note;

“**B**” is the aggregate of the amounts calculated in respect of each Reference Entity in respect of which a Relevant Event Determination Date has occurred equal to the sum of, for each affected Reference Entity,  $A \times F$ ;

“**C**” is the aggregate of the amount calculated in respect of each Reference Entity in respect of which a Relevant Event Determination Date has occurred equal to the sum of, for each affected Reference Entity,  $A \times F \times E$ ;

“**D**” is each Credit Linked Note’s *pro rata* share of the Hedge Unwind Costs;

“**E**” is the Auction Final Price; and

“**F**” is the Applicable Proportion.

“**Final Auction Redemption Date**” has the meaning given in Credit Linked Condition 5(a)(ii) (*Redemption of the Credit Linked Notes where Auction Redemption applies*).

“**Final Cash Redemption Amount**” means, in respect of each Note:

(a) in respect of Notes which are not Linear Basket Notes, the Cash Redemption Amount, or if an M(M)R Restructuring Credit Event has occurred, the sum of the Cash Redemption Amounts determined in respect of each exercise following such M(M)R Restructuring Credit Event; and

(b) in respect of Linear Basket Notes, the amount specified as such in the relevant Final Terms or if no such amount is specified in the relevant Final Terms, an amount calculated by the Redemption Calculation Agent equal to the greater of zero and  $(A - B) + C - D$ , where:

“**A**” is the Specified Denomination of the Note;

“**B**” is the aggregate of the amounts calculated in respect of each Reference Entity in respect of which a Relevant Event Determination Date has occurred equal to the sum of, for each affected Reference Entity,  $A \times F$ ;

“**C**” is the aggregate of the amounts calculated in respect of each Reference Entity in respect of which a Relevant Event Determination Date has occurred equal to the sum of, for affected Reference Entity,  $A \times F \times E$ ;

“**D**” is each Credit Linked Note’s *pro rata* share of the Hedge Unwind Costs;

“**E**” is the Final Price; and

“**F**” is the Applicable Proportion.

provided that, if the Note is a Fixed Recovery Note then the Final Cash Redemption Amount shall be calculated as set out above provided that “**E**” shall be the Fixed Recovery Percentage specified in the relevant Final Terms.

“**Final Cash Redemption Date**” has the meaning given in Credit Linked Condition 7(a)(ii) (*Redemption of Credit Linked Notes where Cash Redemption applies*).

“**Final Delivery Date**” means, in respect of a Physical Redemption Date, the final Delivery Date to occur with respect to Deliverable Obligations comprised in the Physical Redemption Assets pertaining to such Physical Redemption Date.

“**Final List**” means the final list of Deliverable Obligations, Package Observable Bonds, Prior Deliverable Obligations (as applicable) and/or Assets which are the subject of the related Auction determined by the Credit Derivatives Determinations Committee in accordance with the DC Rules.

“**Final Price**” means the price of the Deliverable Obligation(s) selected by the Redemption Calculation Agent in its discretion, acting in a commercially reasonable manner, expressed as a percentage, determined in accordance with the specified Valuation Method, provided that (i) for the purposes of identifying the Deliverable Obligations for the purposes of determining the Final Price, references to “Delivery Date in the definition of “Deliverable Obligation” and in Credit Linked Condition 19 (*Interpretation of Obligation Characteristics and Deliverable Obligation Characteristics*) shall be deemed to be reference to “Valuation Date” and provided further that if an Asset Package Credit Event has occurred any Deliverable Obligation which is a Prior Deliverable Obligation or a Package Observable Bond (as applicable) shall include the resulting Asset Package and the Final Price for such Deliverable Obligation or Package Observable Bond shall be the Final Price for the relevant Asset Package determined in accordance with Credit Linked Condition 7(b)(iv) (*Determination of Final Price*).

“**Final Price Determination Date**” means the day on which the Redemption Calculation Agent determines the Final Price and notifies the Cash Redemption Amount to the Issuer.

“**First-to-Default Credit Linked Notes**” means Notes which are specified as such in the relevant Final Terms, in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event and a Relevant Event Determination Date with respect to any of such Reference Entities, the Notes will be redeemed in accordance with the relevant Credit Event Redemption Method.

“**Fixed Cap**” means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

“**Fixed Recovery Notes**” means a Series of Notes in respect of which the Cash Redemption Amount or Final Cash Redemption Amount, as applicable, per Note is a fixed percentage of the Applicable Proportion of the outstanding principal amount of the Note.

“**Fixed Recovery Percentage**” means, in respect of a Fixed Recovery Note, the percentage specified as such in the relevant Final Terms.

“**Full Quotation**” means, in accordance with the Quotation Method, each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance or Due and Payable Amount, as applicable, equal to the Quotation Amount.

“**Fully Transferable Obligation**” means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of the Delivery Date. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, administrative agent, clearing agent or paying agent, for a Deliverable Obligation shall

not be considered to be a requirement for consent for the purposes of this definition of “Fully Transferable Obligation”.

“**Further Subordinated Obligation**” means, if the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

“**Geographical Region**” means Japan or such region determined in good faith by the Redemption Calculation Agent to give the best effect to the then current market practice in respect of the Reference Entity; and

“**Governmental Authority**” means:

- (a) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof);
- (b) any court, tribunal, administrative or other governmental authority, inter-governmental or supranational body; or
- (c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or all of its obligations; or
- (d) any other authority which is analogous to the entities specified in sub-paragraph (a), (b) or (c) of this definition.

“**Governmental Intervention**” means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

- (a) any event which would affect creditors’ rights so as to cause:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium; or
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
- (c) a mandatory cancellation, conversion or exchange; or
- (d) any event which has an analogous effect to any of the events specified in sub-paragraphs (a)(i) to (iii) of this definition.

For purposes of sub-paragraph (a) of this definition, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

**“Grace Period”** means:

- (a) subject to sub-paragraphs (b) and (c) of this definition, the applicable grace period with respect to payments under and in accordance with the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if “Grace Period Extension” is specified as applicable in the relevant Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the relevant Final Terms or, if no period is specified, 30 calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless “Grace Period Extension” is specified as being applicable in the relevant Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

**“Grace Period Business Day”** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation or, if a place or places are not so specified, (a) if the Obligation Currency is the euro, a TARGET Settlement Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

**“Grace Period Extension Date”** means, if (a) “Grace Period Extension” is specified as being applicable in the relevant Final Terms and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date, as the case may be, the date that is five Business Days following the day falling after the number of days in the Grace Period after the date of such Potential Failure to Pay.

**“Guarantee”** means a Relevant Guarantee or a guarantee which is the Reference Obligation.

**“Hedge Unwind Costs”** means, as of the day on which the Hedge Unwind Costs are determined by the Redemption Calculation Agent, the net loss, or gain (if any) (converted into the currency of the Notes) on such date, which is expected to be incurred or received by the Issuer, as the case may be, in connection with an early termination of any underlying hedging or funding transaction related to or otherwise in connection with the Notes (including, without duplication, any loss or cost incurred as a result of terminating, liquidating, obtaining or re-establishing any hedge or related trading position (including, without limitation, any embedded option) but not including any legal fees or out-of-pocket expenses), all as determined by the Redemption Calculation Agent in its sole and absolute discretion in good faith and in a commercially reasonable manner taking into account the prevailing market conditions at that time.

**“ISDA”** means the International Swaps and Derivatives Association Inc., (or any successor organisation thereto).

**“Issuer Business Day”** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in London.

**“Latest Maturity Restructured Bond or Loan”** has the meaning given to that term in the definition of “Restructuring Maturity Limitation Date”.

**“Latest Permissible Physical Settlement Date”** means, (i) in respect of the provisions of Credit Linked Condition 6(e) (*Partial Cash Redemption due to Impossibility or Illegality*), the date that is thirty calendar days after the Physical Redemption Date, (ii) in respect of the provisions of Credit Linked Conditions 6(f) (*Partial*

*Cash Redemption of Consent Required Loans*), 6(g) (*Partial Cash Settlement of Assignable Loans*) and 6(h) (*Partial Cash Redemption of Participations*), the date that is 15 Business Days after the Physical Redemption Date, and (iii) in respect of the provisions of Credit Linked Conditions 6(a)(vi) (*Physical Redemption Assets*), and 9(b) (*Redemption Failure Event*), the 90<sup>th</sup> calendar day following the date of the Notice of Physical Settlement or, if relevant, the last NOPS Amendment Notice.

“**Limitation Date**” means the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the “**2.5-year Limitation Date**”), 5 years, 7.5 years, 10 years (the “**10-year Limitation Date**”), 12.5 years, 15 years or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

“**Linear Basket Notes**” means Notes which are specified as such in the relevant Final Terms, in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, on each occasion on which a Credit Event and a Relevant Event Determination Date occurs with respect to any of the Reference Entities, the Notes will be redeemed in part in an amount determined by reference to the Reference Entity Notional Amount relating to such Reference Entity in accordance with the relevant Credit Event Redemption Method.

“**Loan Alternative Procedure Start Date**” has the meaning given to that term in Credit Linked Condition 6(i) (*Alternative Procedures Relating to Loans not Delivered*).

“**Market Value**” means, with respect to the Reference Obligation on a Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained, subject to sub-paragraph (ii) of the definition of “Quotation”, an amount that the Redemption Calculation Agent shall determine on the next Business Day on which two or more Full Quotations is obtained; and (e) if two or more Full Quotations are not obtained within the fifteen Business Day period set forth in sub-paragraph (b) of the definition of “Quotation” the Market Value shall be determined as provided in such definition.

“**Maturity Date Extension**” means an extension determined in accordance with Credit Linked Condition 3 (*Maturity Date Extension*).

“**Merger Event**” means that at any time during the Credit Event Monitoring Period the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Reference Entity or the Issuer, as applicable, or the Issuer and a Reference Entity become Affiliates.

“**Merger Redemption Amount**” means the Outstanding Aggregate Nominal Amount of the Notes less the Hedge Unwind Costs.

“**M(M)R Restructuring**” means a Restructuring Credit Event in respect of which either “Mod R” or “Mod Mod R” is specified as applicable in the relevant Final Terms.

“**Modified Eligible Transferee**” means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, notes and other financial assets.

**“Modified Restructuring Maturity Limitation Date”** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date.

Subject to the foregoing, if the Scheduled Maturity Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**“Movement Option”** means, with respect to an M(M)R Restructuring to which a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) or (c)(ii) of the definition of “No Auction Announcement Date”, the option of the Issuer to apply the Parallel Auction Settlement Terms, if any, so that the Credit Linked Notes may be redeemed by way of Auction Redemption for the purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that the Issuer could specify in any Notice of Physical Settlement or any NOPS Amendment Notice (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If the Issuer does not deliver an effective Notice to Exercise Movement Option to the Redemption Calculation Agent on or prior to the Movement Option Cut-off Date, the Credit Linked Notes will be redeemed in accordance with the Fallback Redemption Method.

**“Movement Option Cut-off Date”** the date that is one Relevant City Business Day following the Exercise Cut-off Date, or such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

**“Multiple Holder Obligation”** has the meaning given to it in Credit Linked Condition 14(d) (*Multiple Holder Obligation*).

**“Next Currency Fixing Time”** means 4:00 p.m. (London time) on a day on which commercial banks and foreign exchange markets are generally open to settle payments and which immediately follows the date on which the Notice of Physical Settlement or relevant NOPS Amendment Notice, as applicable, is effective.

**“No Auction Announcement Date”** means, with respect to a Credit Event, the date as determined by the Redemption Calculation Agent on which the DC Secretary first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of an M(M)R Restructuring, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either (i) no Parallel Auction will be held, or (ii) one or more Parallel Auctions will be held. For the avoidance of doubt, a No Auction Announcement Date will not occur solely by reason of the Credit Linked Notes not being covered by any Credit Derivatives Auction Settlement Terms.

**“Non-Conforming Reference Obligation”** means a Reference Obligation which is not a Conforming Reference Obligation.

**“Non-Conforming Substitute Reference Obligation”** means an obligation which would be a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of “Deliverable Obligation” on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

**“Non-Financial Instrument”** means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

**“Non-Standard Event Determination Date”** means, with respect to a Credit Event and a Series to which “Non-Standard Event Determination Date” applies:



- (a) subject to sub-paragraph (b) of this definition, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Credit Event Monitoring Period or the Post Dismissal Additional Period, provided that neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) notwithstanding sub-paragraph (a) of this definition, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Credit Event Monitoring Period either:
  - (i) the Credit Event Resolution Request Date, if either:
    - (A) “Single Notifying Party Event Determination Date” is not specified as applicable and “Auction Settlement” is not specified as the applicable Credit Event Redemption Method in the relevant Final Terms; (II) the relevant Credit Event is not an M(M)R Restructuring; and (III) the Trade Date occurs on or prior to the date of the DC Credit Event Announcement; or
    - (B) either:
      - (I)
        - (1) “Single Notifying Party Event Determination Date” is specified as applicable and “Auction Settlement” is specified as the applicable Credit Event Redemption Method in the relevant Final Terms; or
        - (2) “Single Notifying Party Event Determination Date” is not specified as applicable in the relevant Final Terms and the relevant Credit Event is an M(M)R Restructuring; and
      - (II) a Credit Event Notice is delivered by the Issuer to the Issuing and Paying Agent and is effective on or prior to the Non-Standard Exercise Cut-off Date, or
  - (ii) the first date on which a Credit Event Notice is delivered by the Issuer to the Issuing and Paying Agent and is effective during either the Credit Event Monitoring Period or the period from and including the date of the DC Credit Event Announcement to and including the date that is 14 calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Credit Event Monitoring Period), if either:
    - (A)
      - (I) “Single Notifying Party Event Determination Date” is not specified as applicable and “Auction Settlement” is not specified as the Credit Event Redemption Method in the relevant Final Terms;
      - (II) the relevant Credit Event is not an M(M)R Restructuring; and
      - (III) the Trade Date occurs and following the date of the related DC Credit Event Announcement on or prior to a DC Announcement Coverage Cut-off Date; or
    - (B)
      - (I) “Single Notifying Party Event Determination Date” is specified as applicable and the Trade Date occurs and

(II) either:

- (1) “Auction Settlement” is not specified as the Credit Event Redemption Method in the relevant Final Terms; or
- (2) “Auction Settlement” is specified as the Credit Event Redemption Method in the relevant Final Terms and a Credit Event Notice is delivered by the Issuer to the Issuing and Paying Agent and is effective on a date that is later than the relevant Non-Standard Exercise Cut-off Date.

provided that:

- (1) no Redemption Date in respect of the relevant Reference Entity has occurred on or prior to the date on which the Applicable DC Credit Event Meeting Announcement occurs;
- (2) if any Valuation Date or Delivery Date in respect of the relevant Reference Entity has occurred on or prior to the date on which the Applicable DC Credit Event Meeting Announcement occurs, a Non-Standard Event Determination Date shall be deemed to have occurred only with respect to the portion of the Original Aggregate Nominal Amount of the Credit Linked Notes or, if the Notes are Linear Basket Notes, the Reference Entity Notional Amount of the Reference Entity to which the Event Determination Date relates, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and
- (3) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered by the Issuer to the Issuing and Paying Agent, (aa) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the Applicable DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, (bb) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the Original Aggregate Nominal Amount of the Credit Linked Notes or, if the Notes are Linear Basket Notes, the Reference Entity Notional Amount of the affected Reference Entity or (cc) unless a credit derivatives transaction with the same tenor and deliverable obligation provisions as the Credit Linked Notes would be an “Auction Covered Transaction” for the purpose of the relevant Credit Derivatives Auction Settlement Terms and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Series.

“**Non-Standard Exercise Cut-off Date**” means, with respect to a Credit Event and a Series to which subparagraph (a) of the definition of “Event Determination Date” does not apply:

- (a) if such Credit Event is not an M(M)R Restructuring, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is 14 calendar days following the No Auction Announcement Date, if any, as applicable; or

- (b) if such Credit Event is an M(M)R Restructuring and:
- (i) the DC Secretary publishes a Final List applicable to the Applicable Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is seven Relevant City Business Days following the date on which such Final List is published; or
  - (ii) otherwise, the date that is 14 calendar days following the relevant No Auction Announcement Date.

“**Non-Standard Reference Obligation**” means each Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined in respect of any such Original Non-Standard Reference Obligation, the Substitute Reference Obligation.

“**Non-Transferable Instrument**” means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

“**NOPS Amendment Notice**” has the meaning given to it in the definition of “Notice of Physical Settlement”.

“**Notes Extension Date**” means:

- (a) if an Applicable DC Credit Event Question is made during the Credit Event Monitoring Period, four Business Days following a DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal;
- (b) if (a) “Grace Period Extension” is specified as being applicable in the relevant Final Terms and (b) a Potential Failure to Pay occurs during the Credit Event Monitoring Period, four Business Days following the Grace Period Extension Date; and
- (c) if a Potential Repudiation/Moratorium occurs during the Credit Event Monitoring Period, four Business Days following the Repudiation/Moratorium Evaluation Date.

“**Notice Delivery Date**” means the first date on which both an effective Credit Event Notice and, unless “Notice of Publicly Available Information” is specified as not applicable in relevant Final Terms, an effective Notice of Publicly Available Information, has been delivered by the Issuer to the Issuing and Paying Agent.

“**Notice of Physical Settlement**” means a notice from the Issuer or the Redemption Calculation Agent to the Issuing and Paying Agent that (a) confirms that the Issuer intends to redeem the Credit Linked Notes (unless the relevant Final Terms provide for multiple Deliveries) and requires performance in accordance with the provisions of Credit Linked Condition 6 (*Physical Redemption Terms*), (b) specifies (i) the proposed Delivery Date, (ii) if applicable, the Hedge Unwind Costs and (iii) if applicable, the Delivery Expenses, (c) contains a detailed description of each Deliverable Obligation that the Issuer will, subject to Credit Linked Condition 6 (*Physical Redemption Terms*), Deliver to Noteholders (in aggregate) and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor) of each such Deliverable Obligation and (d) specifies the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case, the “**Outstanding Amount**”) and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that the Issuer intends to Deliver to the Noteholders (the “**Aggregate Outstanding Amount**”). The Issuer may, from time to time, give notice to the Issuing and Paying Agent in the manner specified above (each such notification, a “**NOPS Amendment Notice**”) that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective). A NOPS Amendment Notice shall contain a revised detailed description of each replacement Deliverable Obligation that the Issuer will Deliver to Noteholders (each, a “**Replacement Deliverable Obligation**”) and shall also specify the Outstanding

Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the “**Replaced Deliverable Obligation Outstanding Amount**”). The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligations specified in any NOPS Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligations specified in the Notice of Physical Settlement or any earlier NOPS Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Redemption Date (determined without reference to any change resulting from such NOPS Amendment Notice). Notwithstanding the foregoing, (x) the Issuer or the Redemption Calculation Agent may correct any errors or inconsistencies in the detailed description of each Deliverable Obligation contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, by notice to the Issuing and Paying Agent prior to the relevant Delivery Date and (y) if Asset Package Delivery is applicable, the Issuer shall on or prior to the Delivery Date, notify the Issuing and Paying Agent of the description of the Asset Package, if any, that it intends to Deliver to the Noteholders in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable; it being understood in each case that such notice shall not constitute a NOPS Amendment Notice.

“**Notice of Publicly Available Information**” means an irrevocable notice from the Issuer to the Issuing and Paying Agent that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If “Notice of Publicly Available Information” is specified as being applicable in the relevant Final Terms and the Credit Event Notice or Repudiation/Moratorium Extension Notice contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information.

“**Notice to Exercise Movement Option**” with respect to a Series where (a) an M(M)R Restructuring is applicable and (b) the Fallback Redemption Method would otherwise be applicable pursuant to Credit Linked Condition 5(b)(ii) (*Fallback Redemption*), a notice from the Issuer to the Redemption Calculation Agent that (i) specifies the Parallel Auction Settlement Terms which shall be applicable in accordance with the Issuer’s exercise of the Movement Option and (ii) is dated on or prior to the Movement Option Cut-off Date.

“**Obligation**” means (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in “Method for Determining Obligations” below; and (b) the Reference Obligation, in each case, unless it is an Excluded Obligation.

**Method for Determining Obligations:** For the purposes of sub-paragraph (a) of the definition of “Obligation” above, an Obligation is each obligation of the Reference Entity described by the Obligation Category specified in the relevant Final Terms and having each of the Obligation Characteristics, if any, specified in the relevant Final Terms, in each case, immediately prior, the Credit Event which is the subject of either the Credit Event Notice or the Applicable DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (a) “**Obligation Category**” means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the relevant Final Terms, and:
  - (i) “**Bond**” means any obligation of a type included in the “Borrowed Money” Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to

Loans), certificated debt notes or other debt notes and shall not include any other type of Borrowed Money;

- (ii) **“Bond or Loan”** means any obligation that is either a Bond or a Loan;
  - (iii) **“Borrowed Money”** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (iv) **“Loan”** means any obligation of a type included in the “Borrowed Money” Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money;
  - (v) **“Payment”** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money; and
  - (vi) **“Reference Obligation Only”** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligation Only.
- (b) **“Obligation Characteristics”** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
- (i)
    - (A) **“Not Subordinated”** means an obligation that is not Subordinated to (I) the Reference Obligation or (II) the “Prior Reference Obligation ”if applicable;
    - (B) **“Subordination”** means, with respect to an obligation (the **“Second Obligation”**) and another obligation of the Reference Entity to which such obligation is being compared (the **“First Obligation”**), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. **“Subordinated”** will be construed accordingly. For the purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (1) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (2) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and “Standard Reference Obligation” is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date; and
    - (C) **“Prior Reference Obligation”** means, in circumstances where there is no Reference Obligation applicable to a Series, (I) the Reference Obligation most recently applicable

thereto, if any, and otherwise, (II) the obligation specified in the relevant Final Terms as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity;

- (ii) **“Specified Currency”** means an obligation that is payable in the currency or currencies specified as such in the relevant Final Terms (or, if “Specified Currency” is specified in the relevant Final Terms and no currency is so specified, any Standard Specified Currency), provided that if the euro is a Specified Currency, “Specified Currency” shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority;
- (iii) **“Not Sovereign Lender”** means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as “Paris Club debt”;
- (iv) **“Not Domestic Currency”** means any obligation that is payable in any currency other than the applicable Domestic Currency, provided that a Standard Specified Currency shall not constitute a Domestic Currency;
- (v) **“Not Domestic Law”** means any obligation that is not governed by the applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute Domestic Law;
- (vi) **“Listed”** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (vii) **“Not Domestic Issuance”** means any obligation other than an obligation that was issued (or reissued, as the case may be) or intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued as the case may be) or intended to be offered for sale primarily in the domestic market of the Reference Entity.

**“Obligation Acceleration”** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

**“Obligation Currency”** means the currency or currencies in which an Obligation is denominated.

**“Obligation Default”** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar

condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

“**Original Aggregate Nominal Amount**” means, on the Issue Date, the aggregate nominal amount of the Notes of such Series specified in the relevant Final Terms.

“**Original Non-Standard Reference Obligation**” means each obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as a Reference Obligation in the relevant Final Terms (if any is so specified).

“**Outstanding Aggregate Nominal Amount**” means, on any date, the Original Aggregate Nominal Amount less the aggregate of any Applicable Proportions of the Credit Linked Notes that have been previously redeemed (subject to a minimum of zero) in each case taking into account any amortisation, partial redemptions (including pursuant to the Credit Linked Conditions) or further issues of the Notes of such Series on or prior to such date.

“**Outstanding Amount**” has the meaning given to that term in the definition of “Notice of Physical Settlement”.

The “**Outstanding Principal Balance**” of an obligation will be calculated as follows:

- (a) first, by determining, in respect of the obligation, the amount of the Reference Entity’s principal payment obligations and, where applicable in accordance with the definition of “Accrued Interest”, the Reference Entity’s accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);
- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (i) is subject to any Prohibited Action, or (ii) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (A) payment or (B) a Permitted Contingency) (the amount determined in sub-paragraph (a) of the definition of “Outstanding Principal Balance” less any amounts subtracted in accordance with this sub-paragraph (b), the “**Non-Contingent Amount**”); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance;

in each case, determined:

- (A) unless otherwise specified, in accordance with the terms of the obligation in effect on the Delivery Date, or (II) the Valuation Date, as applicable; and
- (B) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation) and, for the purposes of this sub-paragraph (B) only "applicable laws" shall include any bankruptcy or insolvency law or other law affecting creditors’ rights to which the relevant obligation is, or may become, subject.

If "Fallback Discounting" is specified as applicable in the applicable Final Terms, then notwithstanding the above, if (i) the Outstanding Principal Balance of an obligation is not reduced or discounted under sub-paragraph (B) of the definition of “Outstanding Principal Balance” above, (ii) that obligation is either a Bond that has an issue price less than ninety-five per cent of the principal redemption amount or a Loan where the amount advanced is less than ninety-five per cent of the principal repayment amount, and (iii) such Bond or Loan does not include provisions relating to the accretion over time of the amount which would be payable on an early redemption or repayment of such Bond or Loan that are customary for the applicable type of Bond or

Loan as the case may be, then the Outstanding Principal Balance of such Bond or Loan shall be the lesser of (a) the Non-Contingent Amount; and (b) an amount determined by straight line interpolation between the issue price of the Bond or the amount advanced under the Loan and the principal redemption amount or principal repayment amount, as applicable.

For the purposes of determining whether the issue price of a Bond or the amount advanced under a Loan is less than ninety-five per cent of the principal redemption amount or principal repayment amount (as applicable) or, where applicable, for applying straight line interpolation:

(x) where such Bond or Loan was issued as a result of an exchange offer, the issue price or amount advanced of the new Bond or Loan resulting from the exchange shall be deemed to be equal to the aggregate Outstanding Principal Balance of the original obligation(s) that were tendered or exchanged (the "**Original Obligation(s)**") at the time of such exchange (determined without regard to market or trading value of the Original Obligation(s)); and

(y) in the case of a Bond or Loan that is fungible with a prior debt obligation previously issued by the Reference Entity, such Bond or Loan shall be treated as having the same issue price or amount advanced as the prior debt obligation.

In circumstances where a holder would have received more than one obligation in exchange for the Original Obligation(s), the Redemption Calculation Agent will determine the allocation of the aggregate Outstanding Principal Balance of the Original Obligation(s) amongst each of the resulting obligations for the purpose of determining the issue price or amount advanced of the relevant Bond or Loan. Such allocation will take into account the interest rate, maturity, level of subordination and other terms of the obligations that resulted from the exchange and shall be made by the Redemption Calculation Agent in accordance with the methodology (if any) determined by the relevant Credit Derivatives Determinations Committee.

For the purpose of this definition of "Outstanding Principal Balance", "**Quantum of the Claim**" means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

"**Package Observable Bond**" means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within the definition of Deliverable Obligation set out in sub-paragraph (a) or (b) of the definition of "Deliverable Obligation", in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

"**Parallel Auction**" means the "Auction" which is the subject of the relevant Parallel Auction Settlement Terms.

"**Parallel Auction Cancellation Date**" means the "Auction Cancellation Date" in respect of the relevant Parallel Auction Settlement Terms.

"**Parallel Auction Settlement Terms**" means, following the occurrence of an M(M)R Restructuring", any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such an M(M)R Restructuring if the Redemption Calculation Agent determines in its discretion, acting in a commercially reasonable manner, that the relevant Deliverable Obligation Terms are substantially the same as the Deliverable Obligation Provisions applicable to the relevant Credit Linked Notes and for which a credit derivatives transaction with the same tenor as Series of the Credit Linked Notes would not be an "Auction Covered Transaction" for the purpose of the relevant Credit Derivatives Auction Settlement Terms.



“**Partial Nominal Amount**” has the meaning given to that term in Credit Linked Condition 13 (*Successor Provisions*).

“**Payment Requirement**” means the amount specified as such in the relevant Final Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, USD 1,000,000 or its equivalent in the relevant Obligation Currency) in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as appropriate.

“**Permissible Deliverable Obligation**” has the meaning set out in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.

“**Permitted Contingency**” means, with respect to an obligation, any reduction to the Reference Entity’s payment obligations:

- (a) as a result of the application of:
  - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
  - (ii) provisions implementing the Subordination of the obligation;
  - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
  - (iv) any Solvency Capital Provisions, if “Subordinated European Insurance Terms” is specified as applicable in the relevant Final Terms; or
  - (v) provisions which permit the Reference Entity’s obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation

“**Permitted Transfer**” means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

“**Physical Redemption Assets**” means, in respect of Credit Linked Notes for which pursuant to Credit Linked Condition 6 (*Physical Redemption Terms*) the Physical Redemption Terms are applicable, subject to Credit Linked Condition 10 (*Effect of DC Announcements*), such Deliverable Obligations as may be selected by the Issuer with: (a) an Outstanding Principal Balance (as determined by the Redemption Calculation Agent in its discretion, acting in a commercially reasonable manner, on the date of the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable), in respect of Deliverable Obligations that are Borrowed Money Obligations or (b) a Due and Payable Amount, in respect of Deliverable Obligations that are not Borrowed Money Obligations (or in either case, the equivalent Currency Amount thereof), with an Outstanding Principal Balance equal to (i) the Applicable Percentage of the Original Aggregate Nominal Amount of the Credit Linked Notes (as determined by the Redemption Calculation Agent in its discretion, acting in a commercially reasonable manner, on the date of the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable) less (or plus, depending on whether the Hedge Unwind Costs are payable to the Noteholder or by the Noteholder) (ii) an Outstanding Principal Balance (as determined by the Redemption Calculation Agent in

its discretion, acting in a commercially reasonable manner, on the date of the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable) or Due and Payable Amount, as the case may be, of such Deliverable Obligations with a market value as determined by the Redemption Calculation Agent equal to the sum of any Hedge Unwind Costs and Delivery Expenses. If the amount of the Physical Redemption Assets is less than zero, no Deliverable Obligations will be required to be Delivered and the amount of the Physical Redemption Assets will be deemed to be zero. If an Asset Package Credit Event has occurred and a Prior Deliverable Obligation or Package Observable Bond which would otherwise have been included in the Physical Redemption Assets has been converted into an Asset Package, then references in this definition of “Physical Redemption Assets” to “Deliverable Obligations” shall be references to the resulting Asset Package and the Asset Package shall be treated as having the same currency and Outstanding Principal Balance as the relevant Prior Deliverable Obligation or Package Observable Bond. The Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless “Include Accrued Interest” is specified in the relevant Final Terms, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest (as the Redemption Calculation Agent shall determine). In respect of a Noteholder, the “Physical Redemption Assets” means such Noteholder’s *pro rata* share of the Physical Redemption Assets as described above determined by the Redemption Calculation Agent and rounded down in accordance with Credit Linked Condition 6(c) (*Portfolio Shortfall Proceeds*).

“**Physical Redemption Date**” means the last day of the longest Physical Settlement Period following the date specified in the Notice of Physical Settlement or NOPS Amendment Notice. If all Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable are Delivered on or before that Physical Redemption Date, the date that the Issuer completes Delivery of such Deliverable Obligations shall be the Maturity Date.

“**Physical Settlement Matrix**” means the “Credit Derivatives Physical Settlement Matrix” as most recently amended or supplemented as at the Final Delivery Date (unless otherwise specified in the relevant Final Terms) and as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website). The Physical Settlement Matrix may be applicable to any Series of Notes (notwithstanding that the Credit Event Redemption Method for such Notes may not be “Physical Redemption”) where “Physical Settlement Matrix Standard Terms” are specified as applicable in the relevant Final Terms and one or more Transaction Type(s) are specified as applying to the Reference Entity(ies) of such Series of Notes.

“**Physical Settlement Period**” means, subject to the provisions of Credit Linked Condition 10 (*Effect of DC Announcements*), the number of Business Days specified as such in the relevant Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as the Redemption Calculation Agent shall determine; provided that if the Issuer has notified the Issuing and Paying Agent that it intends to Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be 30 Business Days.

“**Portfolio Delivery Shortfall**” has the meaning given in Credit Linked Condition 6(c) (*Portfolio Shortfall Proceeds*).

“**Portfolio Shortfall Proceeds**” has the meaning given in Credit Linked Condition 6(c) (*Portfolio Shortfall Proceeds*).

“**Post Dismissal Additional Period**” means the period from and including the date of the Applicable DC Credit Event Question Dismissal to and including the date that is 14 calendar days thereafter (provided that the relevant

Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Credit Event Monitoring Period.

**“Potential Failure to Pay”** means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

**“Potential Repudiation/Moratorium”** means the occurrence of an event described in sub-paragraph (a) of the definition of “Repudiation/Moratorium”.

**“Principal Protected Amount”** means the amount specified as such in the relevant Final Terms, which may be described as a percentage of the Specified Denomination of each Note, provided that if no amount is so specified the Principal Protected Amount will be the Maturity Redemption Amount.

**“Principal Protected Notes”** means Notes to which “Principal Protection” is specified to apply in the relevant Final Terms and which will, following the occurrence of a Credit Event and a Relevant Event Determination Date, be redeemed at their Principal Protected Amount.

**“Prior Deliverable Obligation”** means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the Applicable DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within the definition of Deliverable Obligation set out in sub-paragraph (a) or (b) of the definition of “Deliverable Obligation”, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation of the relevant Reference Entity (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the Applicable DC Credit Event Announcement), such Reference Obligation, if any.

**“Private-side Loan”** means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

**“Prohibited Action”** means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) in the definition of “Credit Event” or right of set-off by or of the Reference Entity or any applicable Underlying Obligor

**“Public Source”** means each source of Publicly Available Information specified as such in the relevant Final Terms (or, if no such source is specified, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, AsahiShimbun, YomiuriShimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**“Publicly Available Information”** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have occurred and which (a) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; (b) is information received from or published by (i) the Reference Entity

(or if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (ii) a trustee, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, or (c) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body; provided that where any information of the type described in sub-paragraphs (a) to (c) of this definition above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of the type described in sub-paragraphs (b) and (c) above in the first paragraph of this definition of “Publicly Available Information”, the party receiving such information may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Without limitation, Publicly Available Information need not state (a) in relation to the definition of “Downstream Affiliate”, the percentage of Voting Shares owned by the Reference Entity and (b) that the relevant occurrence (i) has met the Payment Requirement or Default Requirement, (ii) is the result of exceeding any applicable Grace Period or (iii) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in sub-paragraphs (a) and (b) of the definition of “Repudiation/Moratorium”.

“**Qualifying Affiliate Guarantee**” means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

“**Qualifying Guarantee**” means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an “Underlying Obligation” for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (i) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (ii) pursuant to the terms applicable thereto) the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance other than: (i) by payment; (ii) by way of Permitted Transfer; (iii) by operation of law; (iv) due to the existence of a Fixed Cap; or (v) due to: (A) provisions permitting or anticipating a Governmental Intervention, if “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms; or (B) any Solvency Capital Provisions, if “Subordinated European Insurance Terms” is specified as applicable in the relevant Final Terms.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (A) a non-payment in respect

of the guarantee or the Underlying Obligation, or (B) an event of the type described in the definition of “Bankruptcy” in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee: (I) The benefit of a Qualifying Guarantee such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and (II) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

“**Quotation**” means each Full Quotation obtained and expressed as a percentage of the Deliverable Obligation’s Outstanding Principal Balance or Due and Payable Amount (or if a Quotation is being obtained in respect of the Asset Package resulting from any Prior Deliverable Obligation or Package Observable Bond, the Outstanding Principal Balance of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event), as applicable, with respect to a Valuation Date in the manner that follows:

- (a) The Redemption Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Redemption Calculation Agent is unable to obtain two or more such Full Quotations on the Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the fifteenth Business Day following the relevant Valuation Date) the Redemption Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers.
- (b) If the Redemption Calculation Agent is unable to obtain two or more Full Quotations on the same Business Day on or prior to the fifteenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such fifteenth Business Day, or if no Full Quotation is obtained, the Quotations shall be deemed to be zero.

“**Quotation Amount**” means an amount determined by the Redemption Calculation Agent not less than JPY 100,000,000 and not in excess of the Outstanding Aggregate Nominal Amount of the Credit Linked Notes or their equivalent in the relevant Obligation Currency, which shall be converted by the Redemption Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained). Where an Asset Package Credit Event has occurred and a Deliverable Obligation has been converted into an Asset Package, the Quotation Amount for all or any part of the Asset Package shall be such amount as the Redemption Calculation Agent determines appropriate in its sole and absolute discretion, subject to a minimum of JPY 100,000,000 (or its equivalent in the relevant Obligation Currency, which shall be converted by the Redemption Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

“**Quotation Dealer**” means, as selected by the Redemption Calculation Agent in its discretion, acting in a commercially reasonable manner, a dealer in obligations of the type for which Quotations are to be obtained, including each Quotation Dealer specified in the relevant Final Terms. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Redemption Calculation Agent may, in its discretion, acting in a commercially reasonable manner, substitute any other Quotation Dealer(s) for one or more of the foregoing.

**“Quotation Method”** means the applicable Quotation Method specified in the relevant Final Terms by reference to one of the following terms (or, if no Quotation Method is specified, Bid shall apply),

where:

- (a) **“Bid”** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **“Offer”** means that only offer quotations shall be requested from Quotation Dealers; or
- (c) **“Mid-market”** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer’s quotation,

provided that in respect of any Asset Package which is the subject of a Quotation, the Quotation Method shall be any of the above Quotation Methods selected by the Redemption Calculation Agent in its sole and absolute discretion, or any other method of quotation provided in the market for the relevant Asset as determined by the Redemption Calculation Agent, notwithstanding the Quotation Method specified in the relevant Final Terms.

**“Redemption Calculation Agent”** means Mizuho Securities Co., Ltd.

**“Redemption Date”** means the Auction Redemption Date, Cash Redemption Date, Physical Redemption Date or, if Credit Payment on Maturity applies, the Final Auction Redemption Date or the Final Cash Redemption Date, as applicable.

**“Redemption Failure Event”** means, in each case as determined by the Issuer in its discretion, acting in a commercially reasonable manner, that (a) it is impossible, impracticable or illegal for the Issuer to pay (due to an event beyond the control of the Issuer), or for a Noteholder to accept payment of (due to an event beyond the control of such Noteholder), any cash amount (including, without limitation, any portion of the Auction Redemption Amount or the Cash Redemption Amount in respect of the Credit Linked Notes) required to be paid on the date scheduled for such payment, (b) the failure of a Noteholder to surrender a Credit Linked Note for cancellation on or before the Scheduled Maturity Date, first Delivery Date in respect of the applicable Physical Redemption Date, the Auction Redemption Date or the Cash Redemption Date, as the case may be, or (c) the failure of any relevant person to duly execute, deliver and/or accept a transfer certificate or other transfer document on or before any Delivery Date and/or specify a date for transfer of the relevant Deliverable Obligation that is on or before any Delivery Date, in each case in accordance with the terms of the relevant Deliverable Obligation.

**“Redemption Suspension Notice”** has the meaning given to that term in Credit Linked Condition 10 (*Effect of DC Announcements*).

**“Reference Entity”** means the entity specified as such in the relevant Final Terms. Any Successor to the Reference Entity either (a) identified by the Redemption Calculation Agent pursuant to the definition of “Successor” on or following the Trade Date or (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity.

**“Reference Entity Notional Amount”** means, in respect of each Reference Entity, the amount specified in the relevant Final Terms, subject to amendment as provided herein.

**“Reference Obligation”** means:

- (a) if “Standard Reference Obligation” is specified as applicable in the relevant Final Terms, the Standard Reference Obligation;
- (b) if “Standard Reference Obligation” is specified as not applicable in the relevant Final Terms, in which case the Reference Obligation(s) will be the Non-Standard Reference Obligation(s), if any; or

- (c) if (i) “Standard Reference Obligation” is specified as applicable in the relevant Final Terms, (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the relevant Final Terms, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

“**Reference Obligation Only Entity**” means a Reference Entity in respect of which (a) “Reference Obligation Only” is specified as the Obligation Category and the Deliverable Obligation Category in the relevant Final Terms in respect of such Reference Entity and (b) “Standard Reference Obligation” is specified as not applicable in the relevant Final Terms in respect of such Reference Entity.

“**Reference Portfolio**” means the Reference Entity and Reference Obligation or the portfolio of Reference Entities and Reference Obligations, as the case may be, specified in the relevant Final Terms, as the same may be amended from time to time in accordance with the provisions of the Credit Linked Conditions and the relevant Final Terms

“**Relevant City Business Day**” has the meaning given to that term in the DC Rules.

“**Relevant Credit Event**” means:

- (a) in the case of Single Name Credit Linked Notes and Fixed Recovery Notes, the first Credit Event to occur with respect to the Reference Entity;
- (b) in the case of First-to-Default Credit Linked Notes, the first Credit Event to occur with respect to any Reference Entity in the Reference Portfolio; and
- (c) in the case of Linear Basket Notes, each Credit Event to occur with respect to any Reference Entity in the Reference Portfolio.

“**Relevant Event Determination Date**” means the Event Determination Date occurring with respect to a Relevant Credit Event.

“**Relevant Guarantee**” means a Qualifying Affiliate Guarantee or, if “All Guarantees” is specified as applicable in the relevant Final Terms, a Qualifying Guarantee.

“**Relevant Holder**” means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement, or NOPS Amendment Notice, as applicable.

“**Relevant Obligations**” means the Obligations of the Reference Entity which fall within the Obligation Category “Bond or Loan” and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that:

- (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (b) if there is a Steps Plan, the Redemption Calculation Agent shall, for purposes of the determination required to be made under the definition of “Successor”, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category “Bond or Loan” that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;

- (c) if “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms and the Reference Entity is a Senior Reference Entity, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category “Bond or Loan”; and
- (d) if “Financial Reference Entity Terms” is specified as applicable in the relevant Final Terms, and the relevant Reference Entity is a Subordinated Reference Entity, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category “Bond or Loan”, provided that if no such Relevant Obligations exist, “Relevant Obligations” shall have the same meaning as it would if the relevant Reference Entity were a Senior Reference Entity.

“**Repudiation/Moratorium**” means the occurrence of both of the following events: (a) an authorised officer of the Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation that occurs on or prior to the Repudiation/Moratorium Evaluation Date.

“**Repudiation/Moratorium Evaluation Date**” means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date, (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

The “**Repudiation/Moratorium Extension Condition**” is satisfied (a) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date and such resolution constitutes an Applicable Resolution or (b) otherwise, by the delivery by the Issuer to the Issuing and Paying Agent of a Repudiation/Moratorium Extension Notice and, unless “Notice of Publicly Available Information” is specified not applicable in the relevant Final Terms, a Notice of Publicly Available Information that is effective on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (i) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity or (ii) an event that constitutes a Potential Repudiation/Moratorium for the purposes of the relevant Credit Linked Notes has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date.

“**Repudiation/Moratorium Extension Notice**” means an irrevocable notice from the Issuer to the Issuing and Paying Agent that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the



date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

“**Resolve**” means, with respect to a Credit Derivatives Determinations Committee, the making of a specific determination in accordance with the DC Rules, and “**Resolved**” and “**Resolves**” shall be construed accordingly.

“**Restructured Bond or Loan**” means an Obligation that is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

“**Restructuring**” means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of exchange) and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date applicable to the relevant Credit Linked Notes and the date as of which such Obligation is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
- (b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

Notwithstanding the above in this definition of “Restructuring”, none of the following shall constitute a Restructuring:

- (i) the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
- (iii) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a) to (e) of this definition of “Restructuring” due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

- (iv) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a) to (e) of this definition of “Restructuring” in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of sub-paragraph (e) of this definition of “Restructuring” only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For the purposes of this definition of “Restructuring”, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in this definition shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in this definition of “Restructuring” shall continue to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under sub-paragraphs (a) to (e) of this definition has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

“**Restructuring Date**” means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

“**Restructuring Maturity Limitation Date**” means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a “**Latest Maturity Restructured Bond or Loan**”) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

“**Revised Currency Rate**” means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, as the Redemption Calculation Agent shall determine in a commercially reasonable manner.

“**Scheduled Maturity Date**” means, in respect of an issue of Notes, the date specified as such in the relevant Final Terms.

“**Senior Obligation**” means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity.

“**Senior Reference Entity**” means a Reference Entity for which (a) the Reference Obligation(s) or Prior Reference Obligation(s), as applicable, is/are a Senior Obligation provided that if there is more than one Reference Obligation for a Reference Entity, and not all of the Reference Obligations are Senior Obligations, then “Senior Reference Entity” means a Reference Entity in respect of which “Senior Level” is specified as the Seniority Level in the relevant Final Terms, or (b) there is no Reference Obligation or Prior Reference Obligation.

“**Seniority Level**” means, with respect to a Reference Entity, (a) “Senior Level” or “Subordinated Level” as specified in the relevant Final Terms, or (b) if no such seniority level is specified in the relevant Final Terms, “Senior Level” if the only Original Non-Standard Reference Obligation is a Senior Obligation or “Subordinated

Level” if the only Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which (c) “Senior Level”.

“**Settlement Currency**” means the currency specified in the relevant Final Terms, or if no currency is specified in the relevant Final Terms, the Specified Currency of the Credit Linked Notes.

“**Single Name Credit Linked Notes**” means any Notes which are specified as such in the relevant Final Terms, in respect of which the Issuer purchases credit protection from Noteholders in respect of one Reference Entity alone.

“**Solvency Capital Provisions**” means any terms in an obligation which permit the Reference Entity’s payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

“**Sovereign**” means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including, without limiting the foregoing, the central bank) thereof.

“**Sovereign Restructured Deliverable Obligation**” means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice or Applicable DC Credit Event Announcement has occurred and (b) which fell within the definition of a Deliverable Obligation immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

“**Sovereign Succession Event**” means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

“**Specified Number**” means the number of Public Sources specified in the relevant Final Terms (or, if no such number is specified, two).

“**SRO List**” means the list of Standard Reference Obligations as published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

“**Standard Reference Obligation**” means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.

“**Standard Specified Currency**” means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

“**Steps Plan**” means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

“**Subordinated Obligation**” means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

“**Subordinated Reference Entity**” means a Reference Entity for which the Reference Obligation(s) or Prior Reference Obligation(s), as applicable, is/are a Subordinated Obligation provided that, if there is more than one Reference Obligation and not all of the Reference Obligations are Subordinated Reference Obligations, then “Subordinated Reference Entity” means a Reference Entity specified as such in the relevant Final Terms.

**“Substitute Reference Obligation”** means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that may replace the Non-Standard Reference Obligation, determined by the Redemption Calculation Agent in accordance with Credit Linked Condition 15 (*Reference Obligation*).

Notwithstanding the definition of “Substitute Reference Obligation” (a) no Substitute Reference Obligation shall be determined in respect of a Reference Obligation Only Series and (b) if the events set out in sub-paragraph (b) or (c) of the definition of “Substitution Event” occur with respect to the Reference Obligation in a Reference Obligation Only Series, such Reference Obligation shall continue to be the Reference Obligation.

**“Substitution Date”** means, with respect to a Substitute Reference Obligation, the date on which the Redemption Calculation Agent notifies the Issuing and Paying Agent of the Substitute Reference Obligation that it has identified in accordance with the definition of “Substitute Reference Obligation”.

**“Substitution Event”** means, with respect to a Non-Standard Reference Obligation:

- (a) the Non-Standard Reference Obligation is redeemed in whole;
- (b) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 or its equivalent in the relevant Obligation Currency, as determined by the Redemption Calculation Agent); or
- (c) for any other reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity, (either directly or as provider of a guarantee).

For the purposes of the identification of a Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation’s CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event.

If an event described in sub-paragraph (a) or (b) of this definition has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to sub-paragraph (a) or (b) of this definition, as the case may be, on the Trade Date.

**“Substitution Event Date”** means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

**“Successor”** means:

- (a) subject to Credit Linked Conditions 13(e) (*Eligible Successors*), the entity or entities, if any, determined by the Redemption Calculation Agent or the Credit Derivatives Determinations Committee (as applicable) as follows:
  - (i) subject to sub-paragraph (vii) of this definition, if one entity succeeds, either directly or as a provider of a Relevant Guarantee to seventy five per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor in respect of (i) if the Notes are Single Name Credit Linked Notes or First-to-Default Credit Linked Notes, the entire Outstanding Aggregate Nominal Amount of the Notes as at the Succession Date (and, for the avoidance of doubt, in respect of First-to-Default Credit Linked Notes, the remaining Reference Entities in the basket will continue to be Reference Entities in respect of the entire Outstanding Aggregate Nominal Amount of the Notes as at the Succession Date) or (ii) if the Notes are Linear Basket Notes, the entire Reference Entity Notional Amount of that original Reference Entity outstanding as at the Succession Date;

- (ii) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee to more than twenty five per cent. (but less than seventy five per cent.) of the Relevant Obligations of the Reference Entity and not more than twenty five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty five per cent. of the Relevant Obligations will be the sole Successor in respect of (i) if the Notes are Single Name Credit Linked Notes or First-to-Default Credit Linked Notes, the entire Outstanding Aggregate Nominal Amount of the Notes as at the Succession Date (and, for the avoidance of doubt, in respect of First-to-Default Credit Linked Notes, the remaining Reference Entities in the basket will continue to be Reference Entities in respect of the entire Outstanding Aggregate Nominal Amount of the Notes as at the Succession Date) or (ii) if the Notes are Linear Basket Notes, the entire Reference Entity Notional Amount of that original Reference Entity outstanding as at the Succession Date;
- (iii) if more than one entity each succeeds, either directly or as provider of a Relevant Guarantee to more than twenty five per cent. of the Relevant Obligations of the Reference Entity, and not more than twenty five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty five per cent. of the Relevant Obligations will each be a Successor, if the Notes are Single Name Credit Linked Notes or First-to-Default Credit Linked Notes, in respect of a portion of the Outstanding Aggregate Nominal Amount of the Notes as at the Succession Date (and, for the avoidance of doubt, in respect of First-to-Default Credit Linked Notes, the remaining Reference Entities in the basket will continue to be Reference Entities in respect of the entire Outstanding Aggregate Nominal Amount of the Notes as at the Succession Date) or, if the Notes are Linear Basket Notes, in respect of a portion of the Reference Entity Notional Amount of the original Reference Entity outstanding as at the Succession Date (subject to Credit Linked Condition 13 (*Successor Provisions*));
- (iv) if one or more entities each succeeds, either directly or as provider of a Relevant Guarantee to more than twenty five per cent. of the Relevant Obligations of the Reference Entity, and more than twenty five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will, if the Notes are Single Name Credit Linked Notes or First-to-Default Credit Linked Notes, each be a Successor in respect of a portion of the Outstanding Aggregate Nominal Amount of the Notes as at the Succession Date (and, for the avoidance of doubt, in respect of First-to-Default Credit Linked Notes, the remaining Reference Entities in the basket will continue to be Reference Entities in respect of the entire Outstanding Aggregate Nominal Amount of the Notes as at the Succession Date) or, if the Notes are Linear Basket Notes, in respect of a portion of the Reference Entity Notional Amount of the original Reference Entity outstanding as at the Succession Date subject to and in accordance with Credit Linked Condition 13 (*Successor Provisions*);
- (v) if one or more entities succeeds, either directly or as provider of a Relevant Guarantee to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the Credit Linked Notes will not be changed in any way as a result of such succession; and
- (vi) if one or more entities succeeds either directly or as provider of a Relevant Guarantee to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant

Obligations, each such entity will be a Successor) subject to and in accordance with the provisions of Credit Linked Condition 13 *Successor Provisions*).

- (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (i) the Reference Entity has ceased to exist, or (ii) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the “**Universal Successor**”) will be the sole Successor in respect of the relevant Series.

For the purposes of this definition, “**succeed**” means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (A) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (B) issues Bonds or incurs loans (the “**Exchange Bonds or Loans**”) that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to the Relevant Obligations or such Exchange Bonds or Loans, as applicable. For the purposes of this definition, “**succeeded**” and “**succession**” shall be construed accordingly.

“**Successor Backstop Date**” means for purposes of any Successor determination determined by DC Resolution, the date that is 90 calendar days prior to the Successor Resolution Request Date otherwise, the date that is 90 calendar days prior to the earlier of (a) the date on which the Successor Notice is effective and (b) in circumstances where (i) a Successor Resolution Request Date has occurred, (ii) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (iii) the Successor Notice is delivered by the Issuer to the Issuing and Paying Agent not more than 14 calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

“**Succession Date**” means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (a) the date on which a determination pursuant to sub-paragraph (a) of the definition of “Successor” would not be affected by any further related successions in respect of such Steps Plan, or (b) the occurrence of an Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

“**Successor Notice**” means an irrevocable notice from the Issuer to the Issuing and Paying Agent that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined. A Successor Notice must contain a description in reasonable detail of the facts relevant to the determination to be made pursuant to sub-paragraph (a) of the definition of “Successor”

“**Successor Resolution Request Date**” means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

“**TARGET Settlement Day**” means any day on which TARGET2 (the Trans-European Automarket Real-time Gross Settlement Express Transfer System) is open.

“**Term**” means the period commencing on and including the Trade Date and ending on and including the Scheduled Maturity Date (or, if applicable, Extended Maturity Date) of the Credit Linked Notes.

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

“**Transaction Auction Settlement Terms**” means the relevant Credit Derivatives Auction Settlement Terms, whether or not the Credit Linked Notes are covered by such Credit Derivatives Auction Settlement Terms; provided that the Redemption Calculation Agent determines in its discretion, acting in a commercially reasonable manner, that (a) the relevant Deliverable Obligations Terms are substantially the same as the Deliverable Obligations Provisions with respect to the Credit Linked Notes, and (b) if such Credit Event is a Restructuring for which either “Restructuring Maturity Limitation and Fully Transferable Obligation” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation” is applicable or deemed to be applicable, a credit derivatives transaction with the same tenor as the Credit Linked Notes would be an “Auction Covered Transaction” for the purposes of the relevant Credit Derivatives Auction Settlement Terms.

“**Transaction Type**” means, for the purposes of the application of the Physical Settlement Matrix to a Series where “Physical Settlement Matrix Standard Terms” is specified as applicable in the relevant Final Terms, each Reference Entity designated as one of the following in the relevant Final Terms:

- (a) Standard North American Corporate;
- (b) Standard European Corporate;
- (c) Standard European Financial Corporate;
- (d) Standard European Coco Financial Corporate;
- (e) Standard European Senior Non Preferred Financial Corporate;
- (f) Standard Subordinated European Insurance Corporate;
- (g) Standard Emerging European Corporate LPN;
- (h) Standard Emerging European Corporate;
- (i) Standard Latin America Corporate B;
- (j) Standard Latin America Corporate BL;
- (k) Standard Australia Corporate;
- (l) Standard Australia Financial Corporate;
- (m) Standard New Zealand Corporate;
- (n) Standard New Zealand Financial Corporate;
- (o) Standard Japan Corporate;
- (p) Standard Japan Financial Corporate;
- (q) Standard Singapore Corporate;
- (r) Standard Singapore Financial Corporate;
- (s) Standard Asia Corporate;
- (t) Standard Asia Financial Corporate;

- (u) Standard Sukuk Corporate;
- (v) Standard Western European Sovereign;
- (w) Standard Latin America Sovereign;
- (x) Standard Emerging European & Middle Eastern Sovereign;
- (y) Standard Australia Sovereign;
- (z) Standard New Zealand Sovereign;
- (aa) Standard Japan Sovereign;
- (bb) Standard Singapore Sovereign;
- (cc) Standard Asia Sovereign;
- (dd) Standard Sukuk Sovereign,

and any other Transaction Type which may be added to the Physical Settlement Matrix from time to time.

**“Undeliverable Deliverable Obligations”** has the meaning given to that term in Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*).

**“Undelivered Deliverable Obligation”** has the meaning given to that term in Credit Linked Condition 6(j) (*Partial Cash Redemption Terms and Fallback Cash Redemption Terms*).

**“Underlying Obligation”** means, with respect to a guarantee, the obligation which is the subject of the guarantee.

**“Underlying Obligor”** means, with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

**“Universal Successor”** has the meaning given in the definition of Successor.

**“Valuation Date”** means:

- (a) if “Single Valuation Date” is specified in the relevant Final Terms, subject to the provisions of Credit Linked Condition 10 (*Effect of DC Announcements*), the date that is the number of Business Days specified in the relevant Final Terms after the Event Determination Date (or, if the Event Determination Date occurs pursuant to sub-paragraph (a)(ii) of the definition of “Event Determination Date or sub-paragraph (b)(i) of the definition of “Non-Standard Event Determination Date”, the day on which the DC Credit Event Announcement occurs) or, if the number of Business Days is not so specified, any day falling on or before the 30th Business Day after the Relevant Event Determination Date or, following any Auction Cancellation Date or No Auction Announcement Date, after such Auction Cancellation Date or No Auction Announcement Date (in each case, as selected by the Redemption Calculation Agent in its discretion, acting in a commercially reasonable manner);
- (b) if “Multiple Valuation Dates” is specified in the relevant Final Terms, subject to the provisions of Credit Linked Condition 10 (*Effect of DC Announcements*), each of the following dates:
  - (i) the date that is the number of Business Days specified in the relevant Final Terms after the Event Determination Date (or, if the Event Determination Date occurs pursuant to sub-paragraph (a)(ii) of the definition of “Event Determination Date” or sub-paragraph (b)(i) of the definition of “Non-Standard Event Determination Date”, the day on which the DC Credit Event Announcement



occurs), Auction Cancellation Date or No Auction Announcement Date (or, if the number of Business Days is not specified, 5 Business Days); and

- (ii) each successive date that is the number of Business Days specified in the relevant Final Terms (or if the number of Business Days is not so specified, 5 Business Days) after the date on which the Redemption Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When “Multiple Valuation Dates” is specified in the relevant Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the relevant Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

- (c) if neither “Single Valuation Date” nor “Multiple Valuation Dates” is specified in the relevant Final Terms, the terms of sub-paragraph (a) of this definition shall apply as if “Single Valuation Date” had been specified in the relevant Final Terms.

“**Valuation Method**” means:

- (a) where there is only one Valuation Date, Highest, Lowest or Market, as specified in the relevant Final Terms.

If no Valuation Method is specified in the relevant Final Terms, the Valuation Method shall be Highest.

- (b) where there is more than one Valuation Date, Average Highest, Average Market or Highest, as specified in the relevant Final Terms.

If no Valuation Method is specified in the relevant Final Terms, the Valuation Method shall be Average Highest.

where:

- (i) “**Average Highest**” means the unweighted arithmetic mean of the highest Quotations obtained by the Redemption Calculation Agent (or in accordance with sub-paragraph (b) of the definition of “Quotation”) with respect to each Valuation Date;
- (ii) “**Average Market**” means the unweighted arithmetic mean of the Market Values determined by the Redemption Calculation Agent with respect to each Valuation Date; or
- (iii) “**Highest**” means the highest Quotation obtained by the Redemption Calculation Agent (or in accordance with sub-paragraph (b) of the definition of “Quotation”) with respect to any Valuation Date;
- (iv) “**Lowest**” means the lowest Quotation obtained by the Redemption Calculation Agent (or in accordance with sub-paragraph (b) of the definition of “Quotation”) with respect to any Valuation Date; and
- (v) “**Market**” means the Market Value determined by the Redemption Calculation Agent with respect to the Valuation Date.

Notwithstanding sub-paragraphs (a) and (b) of this definition, if Quotations include fewer than two Full Quotations, the Valuation Method shall be Market or Average Market, as the case may be.

“**Valuation Time**” means the time specified as such in the relevant Final Terms or, if no such time is specified, the time determined by the Redemption Calculation Agent, which shall be as close as reasonably practicable to 11:00 a.m. London time, unless the Redemption Calculation Agent determines that the principal market valuing the Reference Obligation would be closed at such time or such transactions are not being conducted in sufficient volume (as determined by the Redemption Calculation Agent in its discretion, acting in a commercially

reasonable manner) at such time, in which event the Valuation Time shall be such other time as may be specified by the Redemption Calculation Agent that such principal market is open.

“**Voting Shares**” means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

“**Weighting**” means in respect of a Reference Entity, the weighting specified for such Reference Entity in the relevant Final Terms.

## **19 Interpretation of Obligation Characteristics and Deliverable Obligation Characteristics**

- (a) If either of the Obligation Characteristics “Listed” or “Not Domestic Issuance” is specified in the relevant Final Terms, the relevant Final Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds;
- (b) If (i) either of the Deliverable Obligation Characteristics “Listed”, “Not Domestic Issuance” or “Not Bearer” is specified in the relevant Final Terms, the relevant Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds; (ii) the Deliverable Obligation Characteristic “Transferable” is specified in the relevant Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans; or (iii) any of the Deliverable Obligation Characteristics “Assignable Loan”, “Consent Required Loan” or “Direct Loan Participation” is specified in the relevant Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans; and
- (c) If more than one of “Assignable Loan”, “Consent Required Loan” and “Direct Loan Participation” are specified as Deliverable Obligation Characteristics in the relevant Final Terms, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.
- (d) If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:
  - (i) For the purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation;
  - (ii) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the relevant Final Terms from the following list: “Not Subordinated”, “Specified Currency”, “Not Sovereign Lender”, “Not Domestic Currency” and “Not Domestic Law”.
  - (iii) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the relevant Final Terms from the following list: “Listed”, “Not Domestic Issuance”, “Assignable Loan”, “Consent Required Loan”, “Direct Loan Participation”, “Transferable”, “Maximum Maturity”, “Accelerated” or “Matured” and “Not Bearer”; and

- (iv) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (e) For purposes of the application of the Deliverable Obligation Characteristic “Maximum Maturity”, remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.
- (f) If “Financial Reference Entity Terms” and “Governmental Intervention” are specified as applicable in the relevant Final Terms, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity’s obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.
- (g) For purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in sub-paragraph (a) of the definition of “Mod R” and sub-paragraph (a) of the definition of “Mod Mod R” to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.
- (h) If “Subordinated European Insurance Terms” is specified as applicable in the relevant Final Terms, if an obligation would otherwise satisfy the “Maximum Maturity” Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

## 20 CoCo Supplementary Provisions

If “CoCo Supplementary Provisions” is specified as applicable in the relevant Final Terms, the following provisions will apply:

- (a) A CoCo Provision shall be deemed to be a provision which permits a Governmental Intervention for all purposes under these Credit Linked Conditions.
- (b) If, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, the operation of one or more CoCo Provisions results in (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, such event shall be deemed to constitute a Governmental Intervention falling within sub-paragraph (a) of the definition of “Governmental Intervention”.
- (c) For the purposes of this Credit Linked Condition 20:

“**CoCo Provision**” means, with respect to an Obligation, a provision which requires (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, in each case, if the Capital Ratio is at or below the Trigger Percentage;

“**Trigger Percentage**” means the trigger percentage specified in the relevant Final Terms (or if no such trigger percentage is specified, 5.25% per cent.); and

“**Capital Ratio**” means the ratio of capital to risk weighted assets applicable to the Obligation, as described in the terms thereof in effect from time to time.

## GENERAL INFORMATION

- (1) MHSC, MHI and MSUSA have obtained all necessary consents, approvals and authorisations in Japan, the United Kingdom and/or the United States in connection with their participation in the Programme. The establishment of the Programme was authorised by a resolution of the Executive Committee of MHI passed on 23 April 2009 and a resolution of the Board of Directors of Shinko Securities passed on 13 April 2009. The decrease of the authorised amount of the Programme to U.S.\$13,000,000,000 was decided by the Head of Global Finance of MHSC on 4 November 2020. The update of the Programme was authorised by the Head of Global Finance of MHSC on 12 January 2021. The update of the Programme was authorised by a resolution of the Executive Committee of MHI passed on 17 December 2020. MSUSA's accession to the Programme was authorised by a resolution of its Risk Committee passed on 11 March 2010, which has not been repealed or amended and is in full force and effect as at the date of this Base Prospectus. The Programme was authorised by a resolution of the Risk Committee of MSUSA passed on 11 March 2010.
- (2) Other than as disclosed in this Base Prospectus, there has been no material change in the capitalisation of MHSC, MHI and MSUSA since 30 September 2020.
- (3) There has been no significant change in the financial or trading position of each Issuer or their respective subsidiaries since 31 March 2020, and no material adverse change in the financial position or prospects of each Issuer or their respective subsidiaries since 30 September 2020.
- (4) None of the Issuers nor any of their respective subsidiaries is or has been involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of any Issuer or their respective subsidiaries nor is any Issuer aware that any such proceedings are pending or threatened.
- (5) Each Bearer Note having a maturity of more than one year, and any Receipt, Coupon and Talon attached thereto will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code of 1986, as amended”.
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. In addition, MSUSA may make an application for any Restricted Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Notes will be confirmed in the relevant Final Terms. The Common Code, the International Securities Identification Number (ISIN), the Committee on the Uniform Security Identification Procedure (CUSIP) number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041. The address of any alternative clearing system will be specified in the applicable Final Terms.
- (7) Where the Issuer is MHSC, the following legend will appear on each Note bearing interest:

“Interest payments on [this Temporary Global Note/this Permanent Global Note/the Notes evidenced by this Permanent Unrestricted Global Certificate/this Note/this obligation/the Notes evidenced by this Certificate] will be subject to Japanese withholding tax unless the holder establishes that [this Temporary Global Note/this Permanent Global Note/the Notes evidenced by this Permanent

Unrestricted Global Certificate/this Note/this obligation/the Notes evidenced by this Certificate][is/are] held by or for the account of a holder that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a party having a special relationship with MHSC as described in Article 6, paragraph 4 of the Act on Special Measures Concerning Taxation of Japan (a “Specially-Related Party of MHSC”), (ii) a designated Japanese financial institution described in Article 6, Paragraph 9 of the Act on Special Measures Concerning Taxation of Japan which complies with the requirement for tax exemption under that paragraph or (iii) a Japanese public corporation, a Japanese financial institution or a Japanese financial instruments business operator, etc. described in Article 3-3, paragraph 6 of the Act on Special Measures Concerning Taxation of Japan, which complies with the requirement for tax exemption under that paragraph.

Interest payments on [this Temporary Global Note/this Permanent Global Note/the Notes evidenced by this Permanent Unrestricted Global Certificate/this Note/this obligation/the Notes evidenced by this Certificate] to an individual resident of Japan, to a Japanese corporation (except as described in the preceding paragraph), or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of MHSC will be subject to deduction in respect of Japanese income tax at the rate of [15.315 per cent./15.315 per cent. (or 15 per cent., for interest to become due and payable on or after 1 January 2038)] of the amount of such interest.”

MHSC will not, under the Programme, issue any MHSC Notes of which the amount of interest is to be calculated by reference to certain indexes (as prescribed by the Cabinet Order under Article 6, paragraph 4 of the Act on Special Measures Concerning Taxation of Japan) relating to MHSC or a Specially-Related Party of MHSC.

- (8) Notes linked to US domestic equities, issued by MHSC or MHI, that are specified as “Reg. S Compliance Category 3 for life” in the applicable Final Terms will bear the following legend:

“This Note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not at any time be offered, sold or delivered within the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the Securities Act (“Regulation S”). By its acquisition hereof, the holder (1) represents that it is not a U.S. person and it is located outside the United States and is not an affiliate of the Issuer or a person acting on behalf of such an affiliate; (2) agrees that it will not at any time offer, sell, pledge or otherwise transfer this note and the underlying shares except to a person that is not a U.S. Person and is located outside the United States in accordance with Rule 903 or Rule 904 of Regulation S; and (3) agrees that it will furnish to the Issuer such certifications, legal opinions or other information as may be required to confirm that a transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with this legend. The underlying shares may not be delivered to or for the account or benefit of a U.S. Person or an account held within the United States. Terms used herein have the meanings given to them by Regulation S. The holder hereof will not, directly or indirectly, engage in any hedging transaction with regard to this Note or any underlying shares except as permitted by the Securities Act. Any purported transfer of this Note that does not comply with the foregoing requirements shall be null and void *ab initio*.”

- (9) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The relevant Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

- (10) The auditors of MHI are Ernst & Young LLP (“EY UK”) who have audited MHI’s financial statements, in accordance with accepted United Kingdom accounting auditing standards, for the two years ended 31 March 2019 and 2020.
- (11) The auditors of MHSC are Ernst & Young ShinNihon LLC (“EY SN”), independent certified public accountants, who have audited MHSC’s consolidated financial statements, in accordance with accepted Japanese accounting and auditing standards for the years ended 31 March 2019 and 2020, respectively.
- (12) To the extent that there is any inconsistency between (a) any statement in the Japanese language versions of MHSC’s financial statements and (b) the English language translations of those financial statements, the statements in (a) will prevail.
- (13) The auditors of MSUSA are Ernst & Young LLP (“EY US”) who have audited MSUSA’s financial statements, in accordance with U.S. Generally Accepted Accounting Principles, for the years ended 31 March 2019 and 2020, respectively.
- (14) EY UK, EY SN and EY US have not been engaged to perform and have not performed, since the respective date of its audit reports included herein, any procedures on the financial statements of the Issuers addressed in the reports. EY UK, EY SN and EY US also have not performed any procedures relating to this Base Prospectus.
- (15) Copies of the statutory documents, the latest annual report and accounts of each Issuer, the latest interim accounts of each Issuer (if published), each Final Terms for Notes that are listed on the Luxembourg Stock Exchange or any other exchange, this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus and any subscription agreement for Notes issued on a syndicated basis that are listed on the Luxembourg Stock Exchange may be obtained without charge from the relevant Issuer. Copies of the Issuing and Paying Agency Agreement, the Keep Well Agreement and the Deed of Covenant will be available at the specified offices of each of the Paying Agents and the registered offices of the Issuers during normal business hours, so long as any of the Notes is outstanding. Copies of the latest annual report and accounts of each Issuer and (if published) the latest interim accounts, in each case in English, will be available at the specified office of the Issuing and Paying Agent in Luxembourg.

**Registered Office of Mizuho International plc**

Mizuho House  
30 Old Bailey  
London EC4M 7AU  
United Kingdom

**Registered Office of Mizuho Securities Co., Ltd.**

Otemachi First Square  
5-1 Otemachi 1-chome  
Chiyoda-ku  
Tokyo 100-0004  
Japan

**Principal Office of Mizuho Securities USA LLC**

1271 Avenue of the Americas  
New York, NY 10020

**Dealers****Mizuho International plc**

Mizuho House  
30 Old Bailey  
London EC4M 7AU  
United Kingdom

**Mizuho Securities USA LLC**

1271 Avenue of the Americas,  
New York, NY 10020

**Issuing and Paying Agent, Calculation Agent and Registrar**

*In relation to Unrestricted Notes*

**Mizuho Trust & Banking (Luxembourg) S.A.**

1B, Rue Gabriel Lippmann  
L-5365 Munsbach  
Grand-Duché de Luxembourg

*In relation to Restricted Notes*

**Deutsche Bank Trust Company Americas**

60 Wall Street, 24th Floor  
Mail Stop: NYC60-2407  
New York, NY 10005 USA

**Paying Agent****Mizuho Bank, Ltd., London Branch**

Mizuho House  
30 Old Bailey  
London EC4M 7AU  
United Kingdom

**Luxembourg Listing Agent****Mizuho Trust & Banking (Luxembourg) S.A.**

1B, Rue Gabriel Lippmann  
L-5365 Munsbach  
Grand-Duché de Luxembourg

**Legal Advisers**

*As to English Law*

**Gaikokuho Kyodo-Jigyo Horitsu Jimusho****Linklaters**

Meiji Yasuda Building 10F  
1-1, Marunouchi 2-chome  
Chiyoda-ku, Tokyo 100-0005  
Japan

*As to Japanese Law*

**Nagashima Ohno & Tsunematsu**

JP Tower  
2-7-2 Marunouchi  
Chiyoda-Ku  
Tokyo 100-7036  
Japan

*As to United States Law*

**Linklaters LLP**

1290 Avenue of the Americas  
New York, NY 10104

# MIZUHO



A43095002