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WHOLESALE BASE PROSPECTUS

KBC INTERNATIONALE FINANCIERINGSMAATSCHAPPIJ N.V.
(KBC IFIMA N.V.)

(Incorporated with limited liability in The Netherlands)

Unconditionally and irrevocably guaranteed
by KBC Bank NV

(Incorporated with limited liability in Belgium)

€25,000,000,000

Wholesale Euro Medium Term Note Programme

Arranger

KBC Bank

Dealers

Banca IMI	**Banco Bilbao Vizcaya Argentaria, S.A.**
BNP PARIBAS	**BofA Merrill Lynch**
Citigroup	**Commerzbank**
Daiwa Capital Markets Europe	**Goldman Sachs International**
HSBC	**J.P.Morgan**
KBC Bank	**KBL European Private Bankers S.A**
Nomura	**Santander Global Banking & Markets**

UBS Investment Bank

The date of this Base Prospectus is 27 June 2012.

Application has been made to the *Commission de Surveillance du Secteur Financier* in its capacity as competent authority under the Luxembourg Act dated 10th July, 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) for the approval of this document as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (as defined herein). According to article 7 (7) of the Luxembourg Act dated 10th July, 2005, relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*), the *Commission de Surveillance du Secteur Financier* does not assume any responsibility as to the economical and financial soundness of the operation or the quality or solvency of the Issuer or the Guarantor. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of publication of this Base Prospectus to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange.

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€25,000,000,000

Wholesale Euro Medium Term Note Programme

Under this €25,000,000,000 Euro Medium Term Note Programme (the "Programme"), KBC Internationale Financieringsmaatschappij N.V. (the "Issuer" or "KBC IFIMA N.V.") may from time to time issue notes that are guaranteed by the Guarantor (the "Notes", which term shall include Notes that are guaranteed on an unsubordinated basis ("Guaranteed Notes"), as such terms are defined below) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions herein. This does not affect any Notes issued prior to the date of this Base Prospectus.

The payments and, where applicable, delivery of all amounts due in respect of the Notes will be guaranteed by KBC Bank NV (the "Guarantor") pursuant to a deed of guarantee dated 27 June 2012 as amended and/or supplemented and/or restated from time to time (the "Guarantee") executed by the Guarantor.

The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed €25,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement (as defined under "*Subscription and Sale*")).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together the "Dealers").

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10th July, 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) for the approval of this document as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the "Prospectus Directive"). According to article 7 (7) of the Luxembourg Act dated 10th July, 2005, relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*), the *Commission de Surveillance du Secteur Financier* does not assume any responsibility as to the economical and financial soundness of the operation or the quality or solvency of the Issuer or the Guarantor. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of publication of this Base Prospectus to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes are intended to be admitted to trading on the Luxembourg Stock Exchange's regulated market and are intended to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set forth in a final terms document (the "Final Terms") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). In the case of Notes which are (i) to be admitted to trading on a regulated market (as defined in the Prospectus Directive) of a European Economic Area Member State other than the regulated market of the Luxembourg Stock Exchange (a "Host Member State"); or (ii) offered to the public in a Host Member State, the Issuer will request that the CSSF delivers to the competent authority of the Host Member State a certificate of approval pursuant to Article 18 of the Prospectus Directive attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive and, if so required by the relevant Host Member State, a translation of the overview set out in this Base Prospectus. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes of each Tranche will initially be represented by a temporary global Note (a "Temporary Global Note") which will be delivered on or prior to the issue date thereof to a common safekeeper (the "Common Safekeeper") or a common depositary (the "Common Depositary"), as the case may be, in either case for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"), and/or any other agreed clearance system which will be exchangeable, as specified in the applicable Final Terms, for a permanent global Note (a "Permanent Global Note") upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Global Note will be exchangeable for definitive Notes, either upon request or only upon the occurrence of an Exchange Event, all as further described in "Form of the Notes" below.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed or admitted to trading, as the case may be, on a stock exchange) a Supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended, (the "CRA Regulation") will be disclosed in the applicable Final Terms.

Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. Certain issues of Notes involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Issuer, the Guarantor or any Dealer in that regard. See "Risk Factors" below. An investment in Notes linked to one or more Reference Items may entail significant risks not associated with investments in a conventional debt security. Such Notes may be principal protected or, alternatively, the principal invested in such notes may be at risk. If the notes are principal protected, such protection is nevertheless dependent on the Issuer complying with its obligations with respect to the Notes. If the Notes are not principal protected, the amount paid by the Issuer on redemption of the notes may be less than the nominal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero. In addition any applicable Final Terms may contain specific risk factors relating to the relevant issue of Notes.

Arranger

KBC Bank

Dealers

Banca IMI
Banco Bilbao Vizcaya Argentaria, S.A.
BNP PARIBAS
BofA Merrill Lynch
Citi
Commerzbank
Daiwa Capital Markets Europe
Goldman Sachs International
HSBC
J.P.Morgan
KBC Bank
KBL European Private Bankers S.A.
Nomura
Santander Global Banking & Markets

UBS Investment Bank

The date of this Base Prospectus is 27 June 2012.

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

All references in this document to "U.S. dollars" and "U.S.$" refer to United States dollars, those to "£" and "Sterling" refer to pounds sterling, and those to "euro" or "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

All references in this document to "KBC Bank Group" refer to KBC Bank NV together with its subsidiaries and all references in this document to "Group" refer to KBC Group NV together with its subsidiaries. This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

Each of the Issuer and the Guarantor (together the "Responsible Persons") accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

The applicable Final Terms will (if applicable) contain information relating to any underlying equity security, index, inflation index, commodity, commodity index, currency, debt security or fund interest (each a "Reference Item") to which the relevant Notes relate and which is contained in such Final Terms. However, unless otherwise expressly stated in a Final Terms, any information contained therein relating to a Reference Item will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Reference Item. Each of the Issuer and the Guarantor will, unless otherwise expressly stated in the applicable Final Terms, confirm that such extracts or summaries have been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Reference Item, no facts have been omitted that would render the reproduced inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

To the fullest extent permitted by law, none of the Dealers accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Dealer or on its behalf in connection with the Issuer, the Guarantor, or the issue and offering of the Notes. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to in this section) which it might otherwise have in respect of this Base Prospectus or any such statement. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer and the Guarantor under the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Guarantor or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or

of any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes constitutes an offer by or on behalf of the Issuer or the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme. Investors should review, *inter alia*, the documents incorporated herein by reference when deciding whether or not to purchase any Notes.

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. In particular, this Base Prospectus has not been submitted for clearance to the *Autorité des marchés financiers*.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The Issuer, the Guarantor and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically intended to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the Guarantor or the Dealers which is intended to permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Spain, Japan, France, The Netherlands, Italy, the Czech Republic, Poland, the Grand Duchy of Luxembourg, Hong Kong, the Republic of Singapore, Korea, Hungary and Slovakia (see "*Subscription and Sale*" below).

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as 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 persons acting on behalf of a Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of 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 relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF THE PROGRAMME

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

Information relating to the Issuer and the Guarantor

Issuer:	KBC Internationale Financieringsmaatschappij N.V. (a wholly owned subsidiary of the Guarantor) incorporated in The Netherlands.
Business of the Issuer:	The Issuer assists in the financing of the activities of companies belonging to the KBC Bank Group.
Guarantor:	KBC Bank NV (a wholly-owned subsidiary of KBC Group NV) incorporated in Belgium.
Business of the Guarantor:	The Guarantor is a multi-channel bank whose core business is retail and private bancassurance. In its two home markets (Belgium and Central and Eastern Europe), the Guarantor has a very important and (in some cases) a leading position. In the rest of the world, the Guarantor has a selective presence in certain countries or areas.
Risk Factors:	There are certain factors which may affect the Issuer's and/or the Guarantor's ability to fulfil their respective obligations under the Notes issued under the Programme. These include (i) risks relating to economic activity in the markets in which it operates and (ii) risks relating to its business activities, including credit risk, market risk, operational risk and liquidity risk. Notes may involve a high degree of risk. There are certain factors which are material for the purpose of assessing the risks associated with investing in any issue of Notes, which include, without limitation, the fact that Notes are unsecured obligations of the Issuer, that there may be a time lag between valuation and settlement in relation to a Note or potential conflicts of interest, that market disruptions or other events may occur in respect of the particular Reference Item(s) to which the amounts payable and/or deliverable, as the case may be, in respect of the relevant Notes may relate, as specified in the applicable Final Terms, that there may be taxation risks, that there may be illiquidity of the Notes in the secondary market, that there may be the risk that performance of the Issuer's obligations under the Notes may become illegal, that there may be exchange rate risks and exchange controls and that the market value of the Notes may be affected by the creditworthiness of the Issuer and/or the Guarantor and a number of additional factors. In addition, prospective investors in Reference Item Linked Notes (as defined on page 25) should understand the risks of transactions involving Reference Item Linked Notes and should

reach an investment decision only after careful consideration, with their advisers, of the suitability of such Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

Where the applicable Final Terms specify one or more Reference Item(s), the relevant Notes will represent an investment linked to the performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in the Notes will depend upon the performance of the relevant Reference Item(s). Potential investors in any such Notes should be aware that the Notes may not be principal protected and even if Notes are principal protected, principal may still be at risk if the Issuer does not perform its obligations with respect to the Notes.

See "*Risks related to the structure of a particular issue of Notes*" in "*Risk Factors*".

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW ANY CASH AMOUNTS ARE PAYABLE AND HOW ANY PERIODIC INTEREST PAYMENTS ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE, BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.

Information relating to the Programme

Description:	Euro Medium Term Note Programme
Arranger:	KBC Bank NV
Dealers:	Banca IMI S.p.A.
	Banco Bilbao Vizcaya Argentaria, S.A.
	Banco Santander, S.A.
	BNP PARIBAS
	Citigroup Global Markets Limited
	Commerzbank Aktiengesellschaft
	Daiwa Capital Markets Europe Limited
	Goldman Sachs International
	HSBC Bank plc
	J.P. Morgan Securities Ltd.

	KBC Bank NV KBL European Private Bankers S.A. Merrill Lynch International Nomura International plc UBS Limited
Issuing, Listing and Principal Paying Agent:	KBL European Private Bankers S.A.
Size:	Up to €25,000,000,000 (or its equivalent in other currencies). The Issuer and the Guarantor may also increase the amount of the Programme.
Distribution:	Distribution by way of private placement and on a syndicated or non-syndicated basis.
Currencies:	Such currencies as may be specified in the applicable Final Terms.
Maturities:	Such maturities as may be specified in the applicable Final Terms. However, Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the "FSMA") and so may only be issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Issue Price:	Notes may be issued on a fully paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form.
Terms of the Notes:	Notes may be issued: (i) which bear interest at a fixed or floating rate or at a variable rate calculated by reference to one or more underlyings or bases of reference, including, but not limited to commodities, indices, commodity indices, equities, fundinterests, inflation indices, currencies and the credit of one or more specified entities (each a "Reference Item"); (ii) which do not bear interest; and (iii) the redemption amount of which is calculated by reference to one of more Reference Items. Notes may be issued which have a combination of the foregoing. Interest periods, interest rates and the terms of and/or amounts payable or deliverable on redemption may differ depending on the Notes being issued and such terms will be specified in the applicable Final Terms. Summary details of the terms of different types of Notes are

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	provided below. Prospective investors should, however, review the "*Terms and Conditions of the Notes*" (the "Conditions") and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.
Maximum/Minimum Rate of Interest:	If a Maximum Rate of Interest is specified, the maximum rate of interest that will be payable under the Notes will be provided in the applicable Final Terms and the rate of interest will be capped. If a Minimum Rate of Interest is specified, the minimum rate of interest that will be payable under the Notes will be provided in the applicable Final Terms and the rate of interest will be floored. If both a Maximum Rate of Interest and a Minimum Rate of Interest is specified, both the maximum and minimum rate of interest that will be payable under the Notes will be provided in the applicable Final Terms and the rate of interest will be subject to a collar.
Interest Multiplier:	If an Interest Multiplier (other than 100 per cent.) is specified, the rate of interest for an interest period will be multiplied by the specified percentage.
Change of Interest/Payment Basis:	Notes may be converted from one interest and/or payment basis to another if so provided in the applicable Final Terms.
Index Linked Notes:	Payments (whether in respect of principal or interest) in respect of such Notes will be made by reference to a single index or a basket of indices and/or such formula as specified in the applicable Final Terms or the Conditions. If an Index Adjustment Event occurs, the Notes may be subject to adjustment, the index the subject of such an event may be substituted by a replacement index or the Issuer may redeem the Notes.
Equity Linked Notes:	Payments (whether in respect of principal or interest) in respect of such Notes will be calculated by reference to a single equity security or a basket of equity securities on such terms as specified in the applicable Final Terms or the Conditions. If Potential Adjustment Events are specified as applying in the applicable Final Terms, upon the occurrence of the relevant event, the Notes may be subject to adjustment or the equity security the subject of such an event may be substituted by a replacement equity security. If De-listing, Merger Event, Nationalisation and Insolvency and/or Tender Offer are specified as applying in the applicable Final Terms, upon the occurrence of the relevant event, the Notes may be subject to adjustment, the equity security the subject of such an event may be substituted by a replacement equity security or the Notes may be redeemed.
Fund Linked Notes:	Payments in respect of interest will be calculated by reference to

	a single fund interest or basket of fund interests on such terms as specified in the applicable Final Terms. If Fund Potential Adjustment Events are specified as applying in the applicable Final Terms, upon the occurrence of the relevant event, the Notes may be subject to adjustment or the fund interest the subject of such an event may be substituted by a replacement fund interest or the Notes may be redeemed. If a Fund Extraordinary Event occurs, the Notes may be subject to adjustment or the fund interest the subject of such an event may be substituted by a replacement fund.
Additional Disruption Events:	The Notes will be subject to adjustment or may be redeemed upon the occurrence of any Additional Disruption Event specified as applying in the applicable Final Terms.
Disrupted Days (Index Linked Notes, Equity Linked Notes and Fund Linked Notes only):	The Calculation Agent may determine that a Disrupted Day has occurred or exists at a relevant time. Any such determination may have an effect on the value of the Notes and/or may delay settlement in respect of the Notes.
Zero Coupon Notes:	Such Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.
Credit Linked Notes:	Subject to certain alternative procedures, amounts payable in respect of such Notes will be calculated by reference to the credit of a specified entity or entities. If Conditions to Settlement are satisfied, the Notes will be redeemed by payment of the Credit Event Redemption Amount or delivery of the Asset Amount, depending on the settlement basis specified in the applicable Final Terms. *(only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)
Commodity Linked Notes:	Payments (whether in respect of principal or interest) in respect of such Notes will be calculated by reference to a single commodity or commodity index or basket of commodities or commodity indices on such terms as specified in the applicable Final Terms. The Calculation Agent may determine that a Market Disruption Event applicable to such Notes has occurred or exists on a day that is a Pricing Date. In such circumstances, the Relevant Price for that Pricing Date will be determined in accordance with the first applicable Disruption Fallback that provides the Relevant Price or that provides for the early redemption of the Notes. The Market Disruption Events and Disruption Fallbacks which apply to an issue of Notes will either be set out in the applicable Final Terms or may be deemed to apply to the Notes as set out in the Conditions including, but not limited to, a delay in valuation or an early redemption of the Notes. Any postponement or

	alternative provisions for valuation may have an adverse effect on the value of the Notes.
Currency Linked Notes:	Payments in respect of interest in respect of such Notes will be based on such rates of exchange, as specified in the applicable Final Terms. If Currency Disruption Events are specified as applying in the applicable Final Terms, upon the occurrence of the relevant event, the Notes may be redeemed or alternatively the Notes may be subject to adjustment by reduction of an interest amount or by an amendment to the date of payment of such amount, and in the case of a Price Source Disruption (if specified in the applicable Final Terms), in addition to the above or as an alternative, an alternative method of determination of the exchange rate may be employed or the currency the subject of such an event may be substituted by a replacement currency.
Inflation Linked Notes:	Payments (whether in respect of principal or interest) in respect of such Notes will be made by reference to a single inflation index or a basket of inflation indices on such terms as specified in the applicable Final Terms. If a Delay in Publication occurs, the Notes may be subject to adjustment or the inflation index the subject of such an event may be substituted by a replacement inflation index. If a Cessation of Publication occurs, the Notes may be subject to adjustment or the inflation index the subject of such an event may be substituted by a replacement inflation index or the Notes may be redeemed. If a Manifest Error in Publication occurs, the Notes may be subject to a determination and/or adjustment. If a Rebasing occurs, the Notes may be subject to adjustment or the inflation index the subject of such an event may be substituted by the rebased inflation index. If a Material Modification Prior to Relevant Payment Date occurs, the Notes may be subject to adjustment.
Options and Variable Interest Payments:	One or more of the following may apply to an issue of Notes: Rates Variance, Asian Option, Evolution of Basket of Underlying Equities, Evolution of Basket of Underlying Commodities, Evolution of Basket of Underlying Fund Interests, Evolution of Index, Digital Option or Range Accrual.
Rates Variance:	If Rates Variance is applicable, the rate of interest for an interest period will equal the positive difference of one rate and another plus or minus any applicable Margin.
Asian Option:	If Asian Option is applicable, the rate of interest for an interest period will equal the arithmetic mean of the value of the specified Reference Item, as determined on each specified valuation date, plus or minus any applicable Margin.

Evolution of Basket of Underlying Equities:	If Evolution of Basket of Underlying Equities is applicable, the rate of interest for an interest period will equal, the value of the Equity Basket at the valuation time specified in the applicable Final Terms minus the value of the Equity Basket at the immediately preceding valuation time specified in the applicable Final Terms (the "Preceding Equity Basket Value"), divided by the Preceding Equity Basket Value, plus or minus any applicable Margin. Note, the Equity Basket may only contain one underlying equity.
Evolution of Index:	If Evolution of Index is applicable, the rate of interest for an interest period will equal, the value of the Index at the valuation time specified in the applicable Final Terms minus the value of the Index at the immediately preceding valuation time specified in the applicable Final Terms (the "Preceding Index Value"), divided by the Preceding Index Value, plus or minus any applicable Margin.
Evolution of Basket of Underlying Commodities:	If Evolution of Basket of Underlying Commodities is applicable, the rate of interest for an interest period will equal, the value of the Commodity Basket at the valuation time specified in the applicable Final Terms minus the value of the Commodity Basket at the immediately preceding valuation time specified in the applicable Final Terms (the "Preceding Commodity Basket Value"), divided by the Preceding Commodity Basket Value, plus or minus any applicable Margin. Note, the Commodity Basket may contain an underlying commodity or a commodity index.
Evolution of Basket of Underlying Fund Interests:	If Evolution of Basket of Underlying Fund Interests is applicable, the rate of interest for an interest period will equal, the value of the Fund Basket at the valuation time specified in the applicable Final Terms minus the value of the Fund Basket at the immediately preceding valuation time specified in the applicable Final Terms (the "Preceding Fund Basket Value"), divided by the Preceding Fund Basket Value, plus or minus any applicable Margin. Note, the Fund Basket may only contain one underlying fund interest.
Digital Option:	If Digital Option is applicable, the Notes will accrue and pay interest at a specified rate in a given interest period if a Reference Item is equal to, and/or above or below, a specified threshold and otherwise at a different specified fall-back interest rate (which may be zero). Where the applicable Reference Item satisfies the specified threshold, the rate of interest may be calculated by reference to a different Reference Item.
Range Accrual:	If Range Accrual is applicable, the Notes will bear interest calculated by reference to the performance of one or more underlying Reference Items in relation to a specified benchmark item. Interest will accrue for each relevant day in an interest

period on which the underlying Reference Rate (or Reference Rates) perform(s) but will not accrue in respect of other days. Interest on a Range Accrual Note may also be paid at a pre-determined specified rate for certain specified interest periods.

Illegality: If the Calculation Agent determines that the performance of the Issuer's obligations under a Series of Notes or, as the case may be, the Guarantor's obligations under the Guarantee or that any arrangements made to hedge the Issuer's position under such Notes has or will become unlawful, illegal, or otherwise prohibited in whole or in part, the Notes may be redeemed, as more fully set out under "*Terms and Conditions of the Notes*".

Redemption: The applicable Final Terms may provide that Notes may be redeemed at par, a specified amount, in accordance with a specific Condition, or redeemable in two or more instalments and on such dates as are indicated in the applicable Final Terms.

The applicable Final Terms will indicate whether the relevant Notes can be redeemed prior to their stated maturity, if applicable. In particular, the Notes may be redeemed prior to their stated maturity for taxation reasons or on an illegality or, if specified in the applicable Final Terms, following an Additional Disruption Event, or in the case of Index Linked Notes, following an Index Adjustment Event or, in the case of Equity Linked Notes and if specified as applying in the applicable Final Terms, following a De-listing, Merger Event, Nationalisation and Insolvency and/or Tender Offer or, in the case of Inflation Linked Notes and if specified as applying in the applicable Final Terms, following the occurrence of an Inflation Index Cancellation pursuant to a Cessation of Publication or, in the case of Credit Linked Notes and if so specified as applying in the applicable Final Terms, following a Merger Event, or in the case of Currency Linked Notes and if specified as applying in the applicable Final Terms, following the occurrence of Dual Exchange Rate, General Inconvertibility, General Non-Transferability, Governmental Authority Default, Illiquidity, Material Change In Circumstances, Nationalisation, Price Source Disruption, Specific Inconvertibility, or Specific Non-Transferability. In such cases the Notes will redeem at the Early Redemption Amount as more fully set out under "*Terms and Conditions of the Notes*". If Notes are be redeemable at the option of the Issuer and/or the Noteholders on a date or dates specified prior to such stated maturity, they shall be redeemed at a price or prices and on such terms as are indicated in the applicable Final Terms.

Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and 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).
Denomination of Notes:	A minimum of €100,000 save that, unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and 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).
Taxation:	If Condition 13(a) is specified as applicable in the applicable Final Terms, all payments will be made without deduction of withholding taxes imposed within The Netherlands (in the case of payments by the Issuer) or Belgium (in the case of the Guarantor) subject as provided in Condition 13(a). In the event that any such deduction is made, the Issuer or the Guarantor will be required to pay additional amounts. If Condition 13(b) is specified as applicable in the applicable Final Terms, neither the Issuer nor the Guarantor shall be liable for any tax, duty, withholding or other payment which may arise (as described in Condition 13(b)) and all payments made by the Issuer or the Guarantor shall be made subject to any tax, duty, withholding or other payment.
Negative Pledge:	The terms of the Notes will not contain a negative pledge.
Cross Default:	The terms of the Notes will not contain a cross-default provision in respect of either the Issuer or the Guarantor.
Status of the Notes:	The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer and *pari passu* without any preference among themselves except for obligations given priority by law. The Notes will be guaranteed by the Guarantor pursuant to the terms of the Guarantee.
Listing and admission to trading:	Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of publication of this Base Prospectus to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets. Notes which are neither listed nor admitted to trading on any market may also be issued.

	The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges or markets.
Governing Law:	The Notes and the Guarantee will be governed by English law except that Condition 2(iii) of the Notes will be governed by Belgian law and Clause 6 of the Guarantee dealing with the status of the obligations of the Guarantor under the Guarantee will be governed by Belgian law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes. See "*Subscription and Sale*" below.
	The Issuer is a Category 2 Issuer and the Notes will be issued in compliance with the TEFRA D Rules unless otherwise specified in the applicable Final Terms.

RISK FACTORS

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

THE PURCHASE OF NOTES MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS BASE PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY WITHOUT RELYING ON THE ISSUER, THE GUARANTOR OR ANY DEALER.

AN INVESTMENT IN NOTES LINKED TO ONE OR MORE REFERENCE ITEMS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL DEBT SECURITY, INCLUDING BUT NOT LIMITED TO THE RISKS SET OUT BELOW. SUCH NOTES MAY BE PRINCIPAL PROTECTED OR, ALTERNATIVELY, THE PRINCIPAL INVESTED IN SUCH NOTES MAY BE AT RISK. IF THE NOTES ARE PRINCIPAL PROTECTED, SUCH PROTECTION IS NEVERTHELESS DEPENDENT ON THE ISSUER PERFORMING ITS OBLIGATIONS WITH RESPECT TO THE NOTES. IF THE NOTES ARE NOT PRINCIPAL PROTECTED, THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OF THE NOTES MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.

CERTAIN ISSUES OF NOTES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.

Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in "Terms and Conditions of the Notes" below.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

The Issuer is a finance vehicle whose principal purpose is to raise debt to be on-lent to the Guarantor and other subsidiaries of the Guarantor. Accordingly, it does not have any trading assets and does not generate trading income. Notes issued under the Programme are guaranteed pursuant to the Guarantee. Accordingly, if the Guarantor's financial condition were to deteriorate, the Issuer and investors in the Notes may suffer direct and materially adverse consequences.

The risk factors as set out below in respect of the Guarantor may also apply, directly and/or indirectly, to the Issuer, due to the interconnectedness of the credit risks of the Issuer and the Guarantor (since the Issuer is a fully owned subsidiary of the Guarantor) and due to the Guarantor itself guaranteeing the obligations of the Issuer under the Guarantee.

Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee

Risks related to the market in which KBC Bank Group operates

Current economic and market conditions pose significant challenges for KBC Bank Group and may adversely affect the results

The global economy, the condition of the financial markets and adverse macro-economic developments can all significantly influence KBC Bank Group's performance. In recent years, the financial markets have experienced unprecedented levels of market volatility. The financial turbulence since 2008 and its after-effects on the wider economy have led to more difficult earnings conditions for the financial sector. During this period, numerous governments and central banks were forced into the role of lender of last resort as funding available to financial institutions from lenders and institutional investors was scarce and threatened the continued stability of the global financial system. The tightening of credit, increased market volatility and widespread reduction of business activity generally has adversely affected KBC's financial condition, results of operations, liquidity and access to capital and credit. While economic conditions have improved slightly and volatility has decreased from the unprecedented levels of early 2009, substantial market uncertainty and significant constraints on the credit system remain.

Furthermore, certain countries in Europe have relatively large sovereign debts or fiscal deficits, or both, which has led to tensions in the EU bond markets, the interbank lending market and to credit spread volatility during recent months. The peripheral crisis of 2010 has affected countries, such as Ireland, in which KBC Bank Group operates. There continues to be significant constraints on the availability of wholesale debt funding at reasonable cost, especially in Europe, as a result of the peripheral crisis, the broader political and economic environment and other factors.

Since KBC Bank Group currently conducts the majority of its business in Belgium, Ireland and Central and Eastern Europe, its performance is certainly influenced by the level and cyclical nature of business activity in these countries which is in turn affected by both domestic and international economic and political events. A weakening in these economies may in particular have a negative effect on KBC Bank Group's financial condition and results of operations. Moreover, any deterioration in current financial and credit market conditions could further adversely affect KBC Bank Group's business and, if they were to persist or worsen, could adversely affect the results of operations and financial condition of KBC Bank Group.

The losses and asset impairments resulting from the current economic situation forced many banks, including KBC Bank Group, to raise additional capital in order to maintain appropriate capital adequacy and solvency ratios. Nonetheless, KBC Bank and/or certain of its regulated subsidiaries may need to raise additional capital, either as a result of further asset impairments or other factors. Further infusions of additional equity

capital, if necessary, may be difficult to achieve. Any failure by KBC Bank Group to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse effect on operating results, financial condition and prospects.

General business and economic conditions that could affect KBC Bank Group include the level and volatility of short-term and long-term interest rates, inflation, employment levels, bankruptcies, household income, consumer spending, fluctuations in both debt and equity capital markets, liquidity of the global financial markets, fluctuations in foreign exchange, the availability and cost of funding, investor confidence, credit spreads (e.g., corporate, sovereign), and the strength of the economies in which KBC Bank Group operates.

In addition, KBC Bank Group's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, the state of the economies in which KBC Bank Group does business and market interest rates at the time.

Market volatility can negatively affect KBC Bank Group's banking and asset management activities through a reduction in demand for products and services, a reduction in the value of assets held by KBC, a decline in the profitability of certain assets and a loss of liquidity in certain asset classes.

Increased regulation of the financial services industry or changes thereto could have an adverse effect on KBC's operations

The recent global economic downturn has resulted in calls for significant changes to regulatory regimes in the U.S., the European Union, Belgium and other countries. There have been significant regulatory developments in response to the global crisis, including various initiatives and measures taken at the level of the European Union or national governments, the stress test exercise coordinated by the European Banking Authority in cooperation with the European Central Bank, liquidity risk assessments on European and national level and the adoption of new regulatory capital requirements under Basel III and the Capital Adequacy Directive and Regulation, CRD IV. In addition, changes are also being further made to the International Financial Accounting Standards (IFRS). Although KBC Bank Group works closely with its regulators and continually monitors regulatory developments, there can be no assurance that additional regulatory or capital requirements will not have an adverse impact on KBC Bank Group, its business, financial condition or results of operations.

There can be no assurance that implementation of these new standards, or any other new regulation, will not require KBC Bank Group to issue securities that qualify as regulatory capital or to liquidate assets or curtail business, all of which may have adverse effects on its business, financial condition and results of operations.

KBC conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in Belgium and the other regions in which KBC does business. Changes in supervision and regulation, in particular in Belgium and Central & Eastern Europe (e.g. Hungary), could materially affect KBC Bank Group's business, the products and services offered by it or the value of its assets. In addition to the above, since the start of the global economic downturn, there seems to be an increase in the level of scrutiny applied by governments and regulators to enforce applicable regulations and calls to impose further charges on the financial services industry. There can be no assurance that such increased scrutiny or charges, will not require KBC Bank Group to take additional measures which, in turn, may have adverse effects on its business, financial condition and results of operations.

Risk associated with the highly competitive environment in which KBC operates and which could intensify further as a result of the global market conditions

As part of the financial services industry, KBC Bank Group faces substantial competitive pressures that could adversely affect the results of its operations in banking, insurance, asset management and other products and services.

In its Belgian home market, KBC Bank faces substantial competition, mainly from BNP Paribas Fortis, ING Group and Belfius Bank. In addition, KBC Bank faces increased competition in the Belgian savings market from smaller-scale banking competitors (and internet bank competitors) seeking to enlarge their respective market shares by offering higher interest rates. In Central & Eastern Europe, KBC Bank Group faces competition from the regional banks in each of the jurisdictions in which it operates and from international competitors such as UniCredit, Erste Bank and Raiffeisen International. Competition is also affected by consumer demand, technological changes, regulatory actions and/or limitations and other factors. These competitive pressures could result in increased pricing pressures on a number of KBC Bank Group's products and services and in the loss of market share in one or more such markets.

Risks associated with liquidity and funding, which are inherent to KBC's business, are aggravated by the current global market conditions

The procurement of liquidity for KBC Bank Group's operations and access to long term financings are crucial to achieve KBC Bank Group's strategic goals, as they enable KBC Bank Group to meet payment obligations in cash and on delivery, scheduled or unscheduled, so as not to prejudice KBC Bank Group's activities or financial situation.

Although KBC Bank Group currently has a satisfactory liquidity position (with a diversified core deposit base and a large amount of liquid and/or pledgeable assets), its procurement of liquidity could be adversely impacted by the inability to access the debt market, sell products or reimburse financings as a result of the deterioration of market conditions, the lack of confidence in financial markets, uncertainties and speculations regarding the solvency of market participants, rating downgrades or operational problems of third parties. In addition thereto, KBC Bank Group's liquidity position could furthermore be adversely impacted by substantial outflows in deposits, asset management products and life insurance products.

Limitations of KBC Bank Group's ability to raise the required funds on terms which are favourable for KBC Bank Group, difficulties in obtaining long-term financings on terms which are favourable for KBC Bank Group or dealing with substantial outflows could adversely affect KBC Bank Group's business, financial condition and results of operations. In this respect, the adoption of new liquidity requirements under Basel III and CRD IV is also to be taken into account since these could give rise to an increased competition to attract the necessary deposits.

Furthermore, protracted market declines can reduce the liquidity of markets that are typically liquid. If, in the course of its activities, KBC Bank Group requires significant amounts of cash on short notice in excess of anticipated cash requirements, KBC Bank Group may have difficulty selling investments at attractive prices, in a timely manner, or both.

In response to the financial markets crisis and the reduced liquidity available, many market operators in the industry have to fall back on support from central banks and governments by pledging securities as collateral. Unavailability of liquidity through such measures, or the decrease or discontinuation of such measures could add to increased difficulties in procuring liquidity on the market and/or result in higher costs for the procurement of such liquidity when needed, thereby adversely affecting KBC Bank Group's business, financial condition and results of operations.

Risks related to KBC Bank Group and its business

KBC Bank Group has significant credit default risk exposure

As a large financial organisation, KBC Bank Group is subject to a wide range of general credit risks, including risks arising from changes in the credit quality and recoverability of loans and amounts due from counterparties. Third parties that owe KBC money, securities or other assets may not pay or perform under their obligations. These parties include, among others, borrowers under loans made by KBC Bank Group, the issuers whose securities KBC Bank Group holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, guarantors and other financial intermediaries. These parties may default on their obligations to KBC Bank Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

Credit institutions have witnessed a significant increase in default rates over the past few years as a result of worsening economic conditions. This increase in the scope and scale of defaults is evidenced by the significant increase in the amount of impaired loans in the portfolio of KBC Bank Group. This trend remains visible, particularly in Ireland and Hungary. In part of the Central Eastern European countries where KBC Bank Group is active in, credit is also granted in a currency other than the local currency. Changes in exchange rates between the local and such other currency can also have an impact on the credit quality of the borrower. Any further adverse changes in the credit quality of KBC Bank Group's borrowers, counterparties or other obligors could affect the recoverability and value of its assets and require an increase in KBC Bank Group's provision for bad and doubtful debts and other provisions. In addition to the credit quality of the borrower, adverse market conditions such as declining real estate prices negatively affect the results of KBC Bank Group's credit portfolio since these impact the recovery value of the collateral. All this could be further exacerbated in the case of a prolonged economic downturn or worsening market conditions.

KBC Bank Group's banking business makes provisions for loan losses which correspond to the provision for impairment losses in its income statement in order to maintain appropriate allowances for loan losses based on an assessment of prior loan loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the collectability of the loan portfolio. This determination is primarily based on KBC Bank Group's historical experience and judgment. Any increase in the provision for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have a material adverse effect on KBC's business, results of operation or financial condition.

KBC Bank Group's principal credit risk exposure is to retail and corporate customers, including in its mortgage and real estate portfolio, as well as towards other financial institutions and sovereigns. As this credit risk reflects some concentration, particularly in Belgium, Ireland and certain Eastern European countries where it is active, KBC Bank Group's financial position is sensitive to a significant deterioration in credit and general economic conditions in these regions. Moreover, uncertainty regarding the euro-area, the risk of losses as a result of a country's or a credit institution's financial difficulties or a downgrade in its credit rating could have a significant impact on KBC Bank Group's credit exposure, loan provisioning, results of operation and financial position. In addition, concerns about, or a default by, one credit institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions are closely related as a result of their credit, trading, clearing and other relationships.

The events described above have and may continue to adversely affect KBC Bank Group's ability to engage in routine transactions as well as the performance of various loans and other assets it holds.

KBC Bank Group is exposed to counterparty credit risk in derivative transactions

KBC Bank Group executes a wide range of derivatives transactions, including interest rate, exchange rate, share/index prices, commodity and credit derivatives with counterparties in the financial services industry.

Operating in derivative financial instruments exposes KBC Bank Group to market risk and operational risk, as well as the risk that the counterparty defaults on its obligations or becomes insolvent prior to maturity when KBC Bank Group has an outstanding claim against that counterparty. Non-standardized or individually negotiated derivative transactions can make exiting, transferring or settling the position difficult.

Counterparty credit risk has increased due to recent volatility in the financial markets and may be further exacerbated if the collateral held by us cannot be realised or liquidated at a value that is sufficient to cover the full amount of the counterparty exposure.

Changes in interest rates, which are caused by many factors beyond KBC Bank Group's control, can have significant adverse affects on its financial results

Fluctuations in interest rates affect the returns KBC Bank Group earns on fixed interest investments. Interest rate changes also affect the market values of the amounts of capital gains or losses KBC Bank Group takes on and the fixed interest securities it holds. These fluctuations and changes affect KBC Bank Group's net interest income and recognised gains and losses on securities held in its investment portfolios.

The results of KBC Bank Group's banking operations are affected by its management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. The composition of KBC Bank Group's banking assets and liabilities, and any gap position resulting from the composition, causes KBC Bank Group's banking operations' net interest income to vary with changes in interest rates. In addition, variations in interest rate sensitivity may exist within the repricing periods or between the different currencies in which KBC Bank Group holds interest rate positions. A mismatch of interest-earning assets and interest-bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial condition or results of operations of KBC Bank Group's banking businesses.

KBC Bank Group is subject to foreign exchange risk

KBC Bank Group pursues a prudent policy as regards its structural currency exposure, with a view to limit as much as possible currency risk. Foreign exchange exposures in the ALM books of banking entities with a trading book are transferred to the trading book where they are managed within the allocated trading limits. The foreign exchange exposure of banking entities without a trading book and of other entities has to be hedged, if material. Equity holdings in non-euro currencies that are part of the investment portfolio are however not generally hedged. Participating interests in foreign currency are in principle funded by borrowing an amount in the relevant currency equal to the value of the net assets excluding goodwill. Although KBC Bank Group pursues a prudent policy with regard to foreign exchange risk, there can still be a limited impact of this risk on the financial results of KBC Bank Group.

KBC Bank Group's strategies for hedging against market risks may prove to be ineffective

The most significant market risks KBC Bank Group faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realized between lending and borrowing costs. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of KBC Bank Group's investment and trading portfolios.

KBC Bank Group uses a range of instruments and strategies to hedge against market risks. If these instruments and strategies prove ineffective or only partially effective, KBC Bank Group may suffer losses.

Unforeseen market developments such as the development of government bonds of various countries that occurred in 2011 may significantly reduce the effectiveness of the measures taken by KBC Bank Group to hedge risks. Gains and losses from ineffective risk-hedging measures may heighten the volatility of the results achieved by KBC Bank Group and could therefore have a material adverse effect on KBC Bank Group's business, results of operations and financial condition.

A downgrade in the credit rating of KBC Bank Group may limit access to certain markets and counterparties and may necessitate the posting of additional collateral to counterparties or exchanges

The credit ratings of KBC Bank Group are important to maintaining access to key markets and trading counterparties. The major rating agencies regularly evaluate KBC Bank Group and its securities, and their ratings of debt and other securities are based on a number of factors, including financial strength as well as factors not entirely within the control of KBC Bank Group, including conditions affecting the financial services industry generally or the rating of the countries in which it operates. In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that KBC Bank Group will maintain the current ratings.

KBC Bank Group's failure to maintain its credit ratings could adversely affect the competitive position, make entering into hedging transactions more difficult and increase borrowing costs or limit access to the capital markets or the ability of KBC Bank Group to engage in funding transactions at all. A further reduction in KBC Bank Group credit ratings also could have a significant impact on certain trading revenues, particularly in those businesses where longer term counterparty performance is critical. In connection with certain trading agreements, KBC Bank Group may be required to provide additional collateral in the event of a credit ratings downgrade.

KBC Bank Group is highly concentrated in and hence vulnerable to European sovereign exposure, in particular in its home country Belgium

KBC Bank Group conducts the vast majority of its business in the European Union (as at 31 December 2011, approximately 94% of its business). Part of that business has lead to an exposure by KBC Bank Group towards various countries in the European Union, including certain countries which have come under market pressure. Given the recent political, economical and financial developments in most of the European countries, KBC Bank Group incurs a risk that those countries will no longer be able to comply with the terms and conditions of their exposure vis-à-vis KBC Bank Group. If such sovereign risk would materialize, KBC Bank Group's business, financial condition and results of operation could be materially adversely affected. Exposure towards the PIIGS countries has been reduced and been replaced by a further increase in the exposure towards Belgian sovereign debt.

KBC is exposed to potential losses stemming from structured products portfolios, including its ABS and CDO portfolios

Structured credit activities of KBC Bank Group entities relate to ABSs and CDOs, which are defined as follows:

- ABS are bonds or notes backed by loans or accounts receivable originated by providers of credit, such as banks and credit card companies. Typically, the originator of the loans or accounts receivable transfers the credit risk to a trust, which pools these assets and repackages them as securities. These securities are then underwritten by brokerage firms, which offer them to the public.

- CDOs are a type of asset -backed security and a structured finance product in which a distinct legal entity, a Special Purpose Vehicle ("SPV"), issues bonds or notes against an investment in an underlying asset pool. Pools may differ with regard to the nature of their underlying assets and can be

collateralized either by a portfolio of bonds, loans and other debt obligations, or be backed by synthetic credit exposures through use of credit derivatives and credit -linked notes.

The claims issued against the collateral pool of assets are prioritized in order of seniority by creating different tranches of debt securities, including one or more investment grade classes and an equity/first loss tranche. Senior claims are insulated from default risk to the extent that the more junior tranches absorb credit losses first. As a result, each tranche has a different priority of payment of interest and/or principal and may thus have a different rating.

KBC Bank Group was active in the field of structured credits both as an originator and an investor. Since mid 2007, KBC Bank Group tightened its strategy. As an originator, KBC Bank Group also takes on other roles such as sponsor, when it provides liquidity support to the related SPVs. KBC Bank Group also invested in structured credit products. These investments appear on KBC Bank Group's balance sheet. The risks linked to these structured products portfolios may have an adverse effect on KBC Bank Group's business, financial condition and results of operation.

Risks associated with the government support and the associated EU plan

The acceptance of government support also includes the acceptance of related risks and obligations – KBC Bank Group's ability to successfully execute its strategic plan is not assured.

The acceptance of government support and the approval of these measures under European Union State Aid rules was subject to submission by the Belgian authorities of a restructuring plan for KBC Bank Group containing measures to safeguard its long-term viability and to ensure its capacity to repay within a reasonable timeframe the capital received. This restructuring plan was approved on November 18, 2009 and amended on 27 July 2011. Under the terms of such approval, the European Commission has imposed a range of conditions on KBC Bank Group, including divestment, conduct of business and other restrictions, some of which could materially impact KBC Bank Group or result in dilution for the existing shareholders of KBC Bank Group.

Approval by European Commission of the restructuring plan was also subject to the imposition of certain behavioural commitments imposed on KBC Bank Group, such as maintaining a minimum solvency ratio, respecting certain limitations on executive compensation, restrictions on acquisitions, and adhering to a price leadership ban subject to certain conditions. Furthermore, the acceptance of the government support has lead to the supervision of the European Union and the presence of government representatives in the board of directors of KBC Bank Group which entails limits to the autonomy of KBC Bank Group.

Further, the strategic plan requires KBC Bank Group and its subsidiaries to engage in a restructuring according to the terms outlined in such plan, including the disposal and downsizing of a significant number of its businesses (see "*Description of the Guarantor – General description of activities of KBC Bank Group*" below). KBC Bank Group has implemented a range of initiatives to give effect to the plan, including some important steps to derisk aspects of the merchant banking business unit. Such divestments are obligatory, and, while the European Commission has permitted KBC Bank Group flexibility to avoid the need for conducting disposals at below book value prices, there can be no assurance that these divestments will be completed on favourable terms or at all and without any operational risk on behalf of KBC Bank Group. The completion of any proposed divestments may be subject to a range of conditions, including but not limited to regulatory approval and other actions beyond KBC Bank Group's control. A number of divestment initiatives are at a preliminary stage and there can be no assurance that any or all of the divestments will be completed within the envisioned timeframe, at the price or cost anticipated and without any impact on the profit (loss) of KBC Bank Group or at all. Additionally, there can be no assurance that the disposal of one or more of the

businesses will not negatively impact KBC Bank Group's business, financial condition or results of operations in the future.

Risks related to the impact that the YES instruments and possibly the Belgian government's state guarantee could have on the profitability of an investment in KBC Bank Group shares and on the assets of KBC and the dilutive effects stemming from the exercise of the right to convert some of the YES instruments into KBC ordinary shares or as a result of the issuance of KBC Bank Group ordinary shares triggered by loss claims under the Belgian State's guarantee scheme.

While KBC Bank Group strictly manages its operational risks, these risks remain inherent to its businesses

KBC Bank Group is exposed to many types of operational risks, including fraudulent and other criminal activities (both internal and external), breakdowns in processes or procedures and systems failure or non-availability. In addition, KBC Bank Group may also be subject to disruptions of its operating systems, or of the infrastructure that supports it, arising from events that are wholly or partially beyond KBC Bank Group's control (for example natural disasters, acts of terrorism, computer viruses, pandemics, transport or utility failures or external vendors not fulfilling their contractual obligations) which could give rise to losses in service to customers and to loss or liability to KBC Bank Group.

The operational risks that KBC Bank Group faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events can potentially result in financial loss as well as harm to its reputation. Additionally, the loss of key personnel could adversely affect KBC Bank Group's operations and results.

KBC Bank Group attempts to keep operational risks at appropriate levels by maintaining a sound and well controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these control measures mitigate operational risks they do not eliminate them.

KBC Bank Group's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities

KBC Bank Group devotes significant resources to developing risk management policies and models, procedures and assessment methods for its banking and asset management businesses, KBC Bank Group applies both quantitative and qualitative methods to arrive at quantifications of risk exposures. These include a.o. value-at-risk ("VaR") models, back testing, Probability of Default ("PD") models, Loss Given Default ("LGD") models, asset valuation models and stress tests as well as risk assessment methods.

Nonetheless, such risk management techniques and strategies may not be fully effective in assessing risk exposure in all economic and market environments or against all types of risk, including risks that KBC Bank Group fails to identify or anticipate. Some of the models and metrics used are based upon observed historical behaviour as well as future predictions. Accordingly, the models used by KBC Bank Group may fail to predict or predict incorrectly future risk exposures and KBC Bank Group's losses could therefore be significantly greater than such measures would indicate. In addition, the risk management methods used by KBC Bank Group do not take all risks into account and could prove insufficient. If prices move in a way that KBC Bank Group's risk modelling has not anticipated, KBC Bank Group may experience significant losses. These failures can be exacerbated where other market participants are using models that are similar to those of KBC Bank Group. In certain cases, it may also be difficult to reduce risk positions due to the activity of other market participants or widespread market dislocations. Furthermore, other risk management methods depend

on the evaluation of information regarding markets, customers or other publicly-available information. Such information may not always be accurate or up-to-date.

Accordingly, KBC Bank Group's losses could be significantly greater than such measures would indicate and unanticipated or incorrectly quantified risk exposures could result in material losses in KBC Bank Group's banking and asset management businesses.

KBC Bank Group is exposed to the risk of breaches of compliance-related requirements in connection with the exercise of its business activity, such as provisions for limitation of money laundering

The possibility of inadequate or erroneous internal and external work processes and systems, regulatory problems, breaches of compliance-related provisions in connection with the exercise of business activities, such as rules to prevent money laundering, human errors and deliberate legal violations such as fraud cannot be ruled out. KBC Bank Group endeavors to hedge such risks by implementing appropriate control processes tailored to its business and the market and regulatory environment in which it operates. Nevertheless, it is possible that these measures prove to be ineffective in relation to particular or all operational risks to which KBC Bank Group is exposed. Even though KBC Bank Group endeavors to insure itself against the most significant operational risks, it is not possible to obtain insurance cover for all the operational risks on commercially acceptable terms on the market. Should one, some or all of the risks described in this paragraph materialise, KBC Bank Group business, results of operations and financial condition could be materially adversely affected.

Litigation or other proceedings or actions may adversely affect KBC Bank Group's business, financial condition and results of operations

KBC Bank Group's business is subject to the risk of litigation by customers, employees, shareholders or others through private actions, administrative proceedings, regulatory actions or other litigation. Given the complexity of the relevant circumstances and corporate transactions underlying these proceedings, together with the issues relating to the interpretation of applicable law, it is inherently difficult to estimate the potential liability related to such liability risks, to evaluate the outcome of such litigation or the time when such liability may materialize. Management makes estimates regarding the outcome of legal, regulatory and arbitration matters and creates provisions when losses with respect to such matters are deemed probable and can be reasonably estimated. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including but not limited to the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel and other advisers, possible defenses and previous experience in similar cases or proceedings. Legal proceedings with remote or non quantifiable outcomes are not provided for and KBC Bank Group may be required to cover litigation losses which are not covered by such provision, including for example series of similar proceedings. As a result, there can be no assurance that provisions will be sufficient to fully cover the possible losses arising from litigation proceedings and KBC Bank Group cannot give any assurance that a negative outcome in one or more of such proceedings would not have a material adverse effect on KBC Bank Group's business, results of operations or financial condition.

Furthermore plaintiffs in legal proceedings may seek recovery of large or indeterminate amounts or other remedies that may affect KBC Bank Group's ability to conduct business, and the magnitude of the potential loss relating to such actions may remain unknown for substantial periods of time. Also, the cost to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of its services, regardless of whether the allegations are valid or whether they are ultimately found liable.

As a result, litigation may adversely affect KBC's business, financial condition and results of operations.

KBC Bank Group is exposed to risks on account of direct and indirect pension obligations

KBC Bank Group has various direct and indirect pension obligations towards its current and former staff. These obligations therefore entail various risks which are similar to a.o. risks in a life insurance company and risks with a capital investment... Risks, however, may also arise due to changes in tax or other legislation, and/or in judicial rulings as well as inflation rates or interest rates. Any of these risks could have a material adverse effect on KBC Bank Group's business, results of operations and financial condition.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each of the risks highlighted below could adversely affect the trading price of any Notes or the rights of investors under any Notes and, as a result, investors could lose some or all of their investment. Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer and/or the Guarantor may be unable to pay or deliver amounts on or in connection with any Notes for other reasons and neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

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

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

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

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal and/or interest payable in one or more currencies, or where the currency for principal and/or interest payments is different from the potential investor's currency;

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

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

In addition an investment in Digital Option Notes, Range Accrual Notes, Equity Linked Notes, Fund Linked Notes, Index Linked Notes, Commodity Linked Notes, Credit Linked Notes, Currency Linked Notes, Inflation Linked Notes (each as defined below) or other Notes linked to one or more commodities, indices, commodity indices, equities, fund interests, inflation indices, currencies or linked to the credit of one or more specified entities (each a "Reference Item"), may entail significant risks not associated with investments in a conventional debt security, including but not limited to, the risks set out in "*Risks related to the structure of a particular issue of Notes set out below*".

Some 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 potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

In respect of Notes which are conventional debt securities, the Issuer may be expected to redeem such Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Risks relating to Reference Item Linked Notes

Digital Option Notes, Range Accrual Notes, Range Accrual Notes, Equity Linked Notes, Fund Linked Notes, Index Linked Notes, Commodity Linked Notes, Credit Linked Notes *(only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*), Currency Linked Notes and Inflation Linked Notes (each as defined below and together "Reference Item Linked Notes") involve a high degree of risk.

If Notes are specified to be principal protected, such Notes are principal protected only at maturity. If such Notes redeem before their scheduled maturity, except in case of an Event of Default, they may return less than the principal protected amount or even zero. In the case of Reference Item Linked Notes which are not principal protected, the amount paid by the Issuer on redemption of the Notes may be less than the nominal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero. In the case of Reference Item Linked Notes which bear interest linked to one or more Reference Items, the amount of interest payable to Noteholders will be contingent on the performance of the relevant Reference Item(s) and on the structure of such Notes. Prospective investors in such Notes should note that, in certain circumstances, they may not receive any interest.

Prospective investors in Reference Item Linked Notes should understand the risks of transactions involving Reference Item Linked Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

As the amount of interest payable periodically and/or principal payable at maturity may be linked to the performance of the relevant Reference Item(s), an investor in a Reference Item Linked Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item(s).

Where the applicable Final Terms specify one or more Reference Item(s), the relevant Reference Item Linked Notes will represent an investment linked to the economic performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in Reference Item Linked Notes will depend upon the performance of such Reference Item(s). Potential investors should also note that whilst the market value of such Reference Item Linked Notes is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change may not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant Reference Item(s) will vary over time. In contrast to a direct investment in the relevant Reference Item(s), Reference Item Linked Notes represent the right to receive payment of the relevant cash amount on the relevant Maturity Date as well as periodic payments of interest (if specified in the applicable Final Terms), all or some of which may be determined by reference to the performance of the relevant Reference Item(s). The applicable Final Terms will set out the provisions for the determination of any cash amount and of any periodic interest payments.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW ANY CASH AMOUNTS ARE PAYABLE AND HOW ANY PERIODIC INTEREST PAYMENTS ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE, BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.

The amount payable on early redemption of the Notes for example for taxation reasons, an illegality, or in the case of Index Linked Interest Note, an Index Linked Redemption Note, an Equity Linked Interest Note, an Equity Linked Redemption Note, a Commodity Linked Interest Note, an Inflation Linked Interest Note, following certain market disruption events (as further described in the Terms and Conditions), will be an amount determined by the Calculation Agent in its discretion to be the fair market value of the Notes on the day of the early redemption including accrued interest (if any), but adjusted to fully account for losses, expenses and costs to the Issuer (or any of its affiliates) of unwinding any hedging and funding arrangements in relation to the Notes. The amount payable on such early redemption may be may be less than the nominal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.

Fluctuations in the value and/or volatility of the relevant Reference Item(s) may affect the value of the relevant Reference Item Linked Notes. Investors in Reference Item Linked Notes may risk losing their entire investment if the value of the relevant Reference Item(s) does not move in the anticipated direction.

There is no return on Reference Item Linked Notes other than the potential payment of the relevant cash amount on the Maturity Date and payment of any periodic interest payments.

Other factors which may influence the market value of Reference Item Linked Notes include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant Reference Item(s), changes in the method of calculating the level of the relevant Reference Item(s) from time to time and market expectations regarding the future performance of the relevant Reference Item(s), its composition and such Reference Item Linked Notes.

If any of the relevant Reference Item(s) is an index, the value of such Reference Item on any day will reflect the value of its constituents on such day. Changes in the composition of such Reference Item and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of such Reference Item and therefore may affect the return on an investment in Reference Item Linked Notes.

The Issuer may issue several issues of Reference Item Linked Notes relating to particular Reference Item(s). However, no assurance can be given that the Issuer will issue any Reference Item Linked Notes other than the Reference Item Linked Notes to which the applicable Final Terms relate. At any given time, the number of Reference Item Linked Notes outstanding may be substantial. Reference Item Linked Notes provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Reference Item(s) to which such Reference Item Linked Notes relate.

Digital Option Notes

Notes where a Digital Option is applicable will only accrue and pay interest in a given accrual period if the Reference Item is above or below a specified threshold. If the Reference Item for a given accrual period has not passed above or below such threshold, no interest may be payable in respect of that accrual period. The market values of such Notes is typically more volatile than market values of other conventional floating rate debt securities or other equivalent interest bearing debt securities linked to the same Reference Item and prospective investors in such Notes should note that, in certain circumstances, they may not receive any interest.

The rate of interest payable with respect to Notes where a Digital Option is applicable may also be determined by reference to a different Reference Item, and therefore by reference to factors different, to that used to determine whether interest is payable at all in relation to the same issue of Notes and the Notes may therefore fluctuate independently of such rate. This may result in the market value of such Notes falling even when the Reference Item which is referenced by the interest rate is rising.

Range Accrual Notes

The amount of interest payable on Range Accrual Notes is dependent on the number of days on which a rate of interest is above or below a certain barrier, or within certain barrier(s). If the rate is not above, below or within the barrier(s), as the case may be on any day during the relevant period, the interest for the relevant interest period will be a lower rate of interest, and may be zero. Range Accrual Notes may not accrue interest for extended periods of time, if at all. Range Accrual Notes may pay significantly less interest than a conventional debt security issued at the same time paying interest linked to the same Reference Item. This may have a detrimental effect on the market value of Range Accrual Notes.

Equity Linked Notes

The Issuer may issue Notes where the amount of principal ("Equity Linked Redemption Notes") and/or interest ("Equity Linked Interest Notes") payable is dependent upon the price of or changes or the average change in the price of an equity security or a basket of equity securities (together "Equity Linked Notes").

Potential investors in any such Notes should be aware that, depending on the terms of the Equity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, movements in the price of the equity security or basket of equity securities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the equity security or equity securities may affect the actual yield to investors, and (where an Asian Option is not applicable) even if the average level is consistent with their expectations. In general, the earlier the change in the price of the equity security or equity securities, the greater the effect on yield.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the equity security or equity securities on principal and/or interest payable will be magnified.

If a Disrupted Day occurs, this may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay (i) any applicable interest payments in the case of Equity Linked Interest Notes, or (ii) settlement in the case of Equity Linked Redemption Notes. Prospective purchasers should review the Terms and Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

If Potential Adjustment Events and/or De-listing, Merger Event, Nationalisation and Insolvency and/or Tender Offer is/are specified as applying in the applicable Final Terms, prospective purchasers should note that the Notes may be subject to either (A) adjustment by the Calculation Agent or (B) the substitution of the equity security the subject of such an event by a replacement equity security selected by the Calculation Agent, as further provided in Condition 8.A.(b)(i), in the case of a Potential Adjustment Event, or Condition 8.A.(b)(ii), in the case of a Delisting, Merger Event, Nationalisation or Insolvency and/or Tender Offer, or, in the case of a Delisting, Merger Event, Nationalisation or Insolvency and/or Tender Offer, the Issuer may also redeem the Notes early at the Early Redemption Amount specified in the applicable Final Terms. In respect of Equity Linked Notes relating to an equity security or equity securities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such equity security or equity securities is/are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, prospective purchasers should note that the Calculation Agent will adjust any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. Prospective purchasers should also note that the Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the relevant Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the relevant Valuation Time.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date, the volatility of the equity security or equity securities, the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant equity security or equity securities as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such securities may be traded.

Fund Linked Notes

The Issuer may issue Notes where the interest ("Fund Linked Interest Notes") payable is dependent upon the price or value of or changes in the price or value of a fund interest or a basket of fund interests (together "Fund Linked Notes").

The amount of principal and/or interest payable may be determined by reference to the performance of a fund and its investments. In order to appreciate the risks deriving from the investment of the fund's assets in financial instruments, the following elements need to be considered:

(b) **risk associated with price change**: the price of each financial instrument depends from the particular characteristics of the issuer, from the performance of the markets and investment sectors, and can vary in a more or less accentuated way depending on its nature. In general, changes in share prices are related to the income prospects of the companies issuing and may entail the reduction or even the loss of invested capital, while the value of bonds is influenced by the interest rates' market and by the assessments on the ability of the issuer to meet the interest payments due as well as the reimbursement of the debt capital at maturity;

(c) **risk associated with liquidity**: the liquidity of the financial instruments, i.e. their ability to promptly transform themselves into currency without the impairment loss, depends on the market characteristics in which they are treated. In general, securities traded on regulated markets are more liquid, therefore less risky as they can be mobilised more easily than securities not traded on such markets. Moreover, the absence of an official listing complicates the appreciation of the effective value of the stock, whose determination may be referred to discretional judgment;

(d) **risk associated with currency denomination**: for investment in securities denominated in a currency other than that in which the relevant fund is denominated, the variability of the exchange rate between the reference currency of the relevant fund and the foreign currency in which the investments are denominated should be kept in mind;

(e) **risk associated with the use of derivatives**: the use of derivatives allows parties to assume positions of risk on financial instruments exceeding the initial disbursements incurred to open such positions (leverage). Consequently, a relatively small change in market prices has an amplified impact in terms of gains or losses on the managed portfolio as opposed to cases in which leverage is not used.

Potential investors in any such Notes should be aware that, depending on the terms of the Fund Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal and/or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, movements in the price or value of the fund interest or basket of fund interests may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price or value of the fund interest or fund interests may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or value of the fund interest or fund interests, the greater the effect on yield.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price or value of the fund interest or fund interests on principal and/or interest payable will be magnified.

The value of fund interests may be affected by the performance of the fund service providers, and in particular, the relevant fund adviser. No fund administrator, adviser or manager will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of the Issuer, the Guarantor and any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any such fund contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date of the Notes (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any applicable Final Terms) that would affect the value of the fund interest will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such fund could affect the value of the fund interest and therefore the trading price of the relevant Notes.

Certain types of fund, for example, mutual funds, may trade and invest in a broad range of investments such as debt and equity securities, commodities and foreign exchange and may enter into derivative transactions, including, without limitation, futures and options. Mutual fund interests may be illiquid and may only be traded on an infrequent basis. Investors should review the applicable Final Terms to ascertain the characteristics of any relevant fund interest. The trading strategies of these types of funds are often opaque. Such funds, as well as the markets and instruments in which they invest, are often not subject to review by governmental authorities, self-regulatory organisations or other supervisory authorities.

If a Fund Extraordinary Event occurs, prospective purchasers should note that the Notes may be subject to (A) adjustment by the Calculation Agent, (B) the substitution of the Fund Interest the subject of such an event by

a replacement fund interest, selected by the Calculation Agent, or, if an appropriate replacement fund interest cannot be selected, by an index which covers substantially the same geographical area as the investments in which the Fund, to which the Fund Interest the subject of such an event relates, invests, and taking into account such Fund's investment objectives, selected by the Calculation Agent, as further provided in Condition 8.B. of the Terms and Conditions of the Notes or (C) the Issuer may also redeem the Notes early at the Early Redemption Amount specified in the applicable Final Terms.

If a Fund Potential Adjustment Event occurs, prospective purchasers should note that the Notes may be subject to (A) adjustment by the Calculation Agent, (B) the substitution of the fund interest the subject of such an event by a replacement fund interest selected by the Calculation Agent, as further provided in Condition 8.B. of the Terms and Conditions of the Notes or (C) the Issuer may also redeem the Notes early at the Early Redemption Amount specified in the applicable Final Terms.

If a Disrupted Day occurs, this may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay any applicable interest payments in the case of Fund Linked Interest Notes. Prospective purchasers should review the Terms and Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date, the volatility of the price of value of the fund interest or fund interests as well as economic, financial and political events in one or more jurisdictions.

Index Linked Notes

The Issuer may issue Notes where the amount of principal ("Index Linked Redemption Notes") and/or interest ("Index Linked Interest Notes") payable is dependent upon the level, or changes in the level, of an index or a basket of indices (together "Index Linked Notes").

Potential investors in any such Notes should be aware that, depending on the terms of the Index Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their principal investment. In addition, movements in the level of the index or basket of indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on principal and/or interest payable will be magnified.

If a Disrupted Day occurs, this may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay (i) any applicable interest payments, in the case of Index Linked Interest Notes, or (ii) settlement, in the case of Index Linked Redemption Notes. Prospective purchasers should review the Terms and Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

If an Index Adjustment Event (as defined in the "*Terms and Conditions of the Notes*" and relating to a relevant index modification, cancellation or disruption) occurs, prospective purchasers should note that the Issuer may either require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, to either (A) calculate the Reference Price or (B) substitute the index the subject of such Index Adjustment Event with a replacement index, in each case as further provided in Condition 7(b)(ii)(a), or may redeem the Notes early at the Early Redemption Amount specified in the applicable Final Terms.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded.

Additional Disruption Events

The Notes will either be subject to adjustment by the Calculation Agent or may be redeemed early upon the occurrence of any Additional Disruption Event specified as applying in the applicable Final Terms.

Commodity Linked Notes

The Issuer may issue Notes where the amount of principal ("Commodity Linked Redemption Notes") and/or interest ("Commodity Linked Interest Notes") payable is dependent upon the price (or, as the case may be, level) of, or changes in, the price (or, as the case may be, level) of a commodity, a commodity index, a basket of commodities or a basket of commodity indices (together "Commodity Linked Notes").

Potential investors in any such Notes should be aware that depending on the terms of the Commodity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price (or, as the case may be, level) of the commodity, commodity index, basket of commodities or basket of commodity indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price (or, as the case may be, level) of the commodity, commodities, commodity index or commodity indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices (or, as the case may be, level or levels) of the commodities or commodity indices, the greater the effect on yield.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price (or, as the case may be, level) of the commodity, commodity index, commodities or commodity indices on principal or interest payable will be magnified.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the price (or, as the case may be, level) of the commodity, commodity index, commodities or commodity indices.

Commodity futures markets are highly volatile. Commodity markets are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually a percentage of the face value of the contract and exposure can be nearly unlimited). A holder of a futures position may find such position becomes illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the liquidation of unfavourable positions and subject an investor in a Commodity Linked Note linked to such contract prices to substantial losses.

In relation to Commodity Linked Notes, if the Calculation Agent determines that a Market Disruption Event applicable to such Notes has occurred or exists on a day that is a Pricing Date, the Relevant Price for that Pricing Date will be determined in accordance with the first applicable Disruption Fallback that provides the Relevant Price or that provides for the early redemption of the Notes. The Market Disruption Events and Disruption Fallbacks which apply to an issue of Notes will either be set out in the applicable Final Terms or certain Market Disruption Events and Disruption Fallbacks may be deemed to apply to the Notes as set out in the Terms and Conditions of the Notes including, but not limited to, a delay in valuation or an early redemption of the Notes. Any postponement or alternative provisions for valuation may have an adverse effect on the value of the Notes. Prospective investors should review the Terms and Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

The yield on Commodity Linked Notes linked to commodity futures contracts or commodity indices may not be perfectly correlated to the trend in the price of the underlying commodities as the use of such future commodity contracts generally involves a rolling mechanism. This means that the commodity futures contracts which expire prior to the relevant payment date under the relevant Notes are replaced with future commodity contracts that have a later expiry date. Investors may therefore only marginally benefit from any rise/fall in prices on such commodities.

Moreover, investors should consider that the commodity futures contracts could have a trend which differs significantly from that of the commodity spot markets. The trend in the price of a commodity futures contracts compared to the underlying commodity is closely linked to the present and future level of the production of the underlying commodity or to the level of estimated natural reserves, particularly in the case of energy linked products. In addition, the price of the relevant commodity futures contract may not be considered an accurate prediction of a market price, since it also includes the so-called carrying costs (such as, for example, warehouse costs, insurance covering the goods, etc.), which also contribute toward the determination of the price of the commodity futures contracts. These factors which directly influence the commodities prices substantially explain the imperfect correlation between the commodity spot markets and the commodity futures contracts.

Credit Linked Notes *(only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)

General risks relating to Credit Linked Notes

The Issuer may issue Notes ("Credit Linked Notes") (i) where the amount payable on redemption is dependent upon whether certain events ("Credit Events") have occurred in respect of one or more Reference Entity/Entities and, if so, on the value of certain specified assets of such Reference Entity/Entities or (ii) where, if such events have occurred, the Issuer's obligation on redemption is to deliver certain specified assets.

Prospective investors in any such Credit Linked Notes should be aware that depending on the terms of the Credit Linked Notes (i) they may receive no or a limited amount of interest, (ii) the payment of the redemption amount or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

The market price of Credit Linked Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date or settlement date, as applicable, prevailing credit spreads and the creditworthiness of the Reference Entity/Entities which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

The Issuer, the Guarantor, the Dealer(s) or any of their respective Affiliates may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Reference Entity/Entities that they

may not disclose. Prospective investors must therefore make an investment decision based upon their own due diligence and purchase the Credit Linked Notes in the knowledge that non-public information which the Issuer, the Guarantor, the Dealer(s) or any of their respective Affiliates may have will not be disclosed to investors. None of the Issuer, the Guarantor, the Dealer(s) and any of their respective Affiliates is under any obligation (i) to review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness, status or affairs of the Reference Entity/Entities or conduct any investigation or due diligence into the Reference Entity/Entities or (ii) other than as may be required by applicable rules and regulations relating to the Notes, to make available (a) any information relating to the Notes or (b) any non-public information they may possess in respect of the Reference Entity/Entities.

The Issuer's obligations in respect of Credit Linked Notes are irrespective of the existence or amount of the Issuer's and/or any of its Affiliates' credit exposure to a Reference Entity and the Issuer and/or any of its Affiliates need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

2003 ISDA Credit Derivatives Definitions

While there are many similarities between the terms used in this Base Prospectus (in particular, in Condition 10) and the terms used in the 2003 ISDA Credit Derivative Definitions, as supplemented from time to time, (the "Credit Derivative Definitions"), there are a number of differences. In particular, the Issuer and the Guarantor have determined that certain provisions of the Credit Derivatives Definitions, which are intended for use by market participants in "over the counter" transactions, require amendment when incorporated in the terms of an offering of securities such as the Credit Linked Notes. Therefore, a prospective investor should understand that the complete terms and conditions of the Credit Linked Notes are as set out in this Base Prospectus and the applicable Final Terms and that the Credit Derivative Definitions are not incorporated by reference herein. Consequently, investing in Credit Linked Notes is not necessarily equivalent to investing in a credit default swap that incorporates the Credit Derivatives Definitions.

While ISDA has published and supplemented the Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the Credit Derivatives Definitions and the terms applied to credit derivatives, including Credit Linked Notes, are subject to 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, the Credit Linked Notes may not conform to 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 predicable or favourable to the Issuer, the Guarantor or the 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 such Credit Linked Notes to incorporate such amendments or supplements and other conditions to amending the Credit Linked Notes have been met.

Risks relating to Auction Settlement of Credit Linked Notes

Auction Settlement

Where an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the relevant Transaction Auction Settlement Terms, a form of which is published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference

Entity or Reference Obligation. The Issuer, the Guarantor and the Noteholders may have little or no influence in the outcome of any such auction.

Auction Final Price and the Issuer's and/or the Guarantor's ability to influence the Auction Final Price

If the Notes are redeemed following the occurrence of a Credit Event, the amount payable in respect of the Notes may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the relevant Transaction Auction Settlement Terms. There is a possibility that the Issuer, the Guarantor or the Calculation Agent (or one of their respective Affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids and offers with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Issuer, the Guarantor or the Calculation Agent (or an Affiliate of any of them) shall be under no obligation to consider the interests of any Noteholder.

If the relevant 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 applicable Final Terms, then the Fallback Settlement Method shall apply. In such circumstances, either the Final Price will be determined pursuant to the Valuation Method or the Issuer will Deliver to Noteholders the Asset Amount.

Role of the Credit Derivatives Determinations Committee

Credit Derivatives Determinations Committees were established pursuant to the March 2009 Supplement to the Credit Derivatives Definitions to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. In respect of a Credit Event relating to a Credit Linked Note, prospective purchasers should note that the relevant Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, a form of which is published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof. Consequently, the payments on the Notes and the timing of any such payments may be affected by any such relevant decisions or subsequent determinations if Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms.

Credit Event and Succession Event Backstop Dates

In respect of a Credit Event relating to a Series of Credit Linked Notes, a Credit Event may not be triggered unless a request is submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event within 60 calendar days of the occurrence of such potential Credit Event unless a Credit Event Determination Date has already occurred with respect to such event. For Succession Events, the look-back period is 90 calendar days and functions similarly. These provisions mean that there is a time limit on the ability to act on a Credit Event or Succession Event and that it is possible that the Notes could be affected by a Credit Event or Succession Event that took place prior to the Trade Date.

Settlement Suspension, Adjustments and Interest Provisions

If, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event Determination Date but prior to the Settlement Date or, to the extent applicable, a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to determine the occurrence of a Credit Event, the Calculation Agent may at its option determine that the applicable timing requirements of Condition 10 and the definitions of Credit Event Redemption Date, Valuation Date, and any other provision of Condition 10 as determined by the Calculation Agent in its sole discretion, shall toll and be suspended and remain suspended (such period of suspension, a "Suspension Period") until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has resolved (a) that a Credit Event has or has not occurred or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has made such resolution, the relevant timing requirements of Condition 10 that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to Condition 10 as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (ii) determine the effective date of such adjustment(s) or determination(s).

In the case of interest bearing Notes:

(A) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period during which a Suspension Period exists; and

(B) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Interest Payment Date and no later than the fifth Interest Payment Date following the end of the Suspension Period, all subject to the provisions of Condition 3 and Conditions 11(d), (e) and (f).

Currency Linked Notes

The Issuer may issue Notes where the amount of interest ("Currency Linked Interest Notes" or "Currency Linked Notes") payable is dependent upon movements in currency exchange rates.

Potential investors in any such Notes should be aware that, depending on the terms of the Currency Linked Notes (i) they may receive no or a limited amount of interest, (ii) deductions may be made to their interest amounts, (iii) payment of interest may occur at a different time or in a different currency than expected and (iv) they may lose all or a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in currency exchange rates, the greater the effect on yield.

If the amount of interest payable is dependent upon movements in currency exchange rates and is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on interest payable will be magnified.

The market price of such Notes may be volatile and, if the amount of interest payable is dependent upon movements in currency exchange rates, may depend upon the time remaining to the redemption date and the volatility of currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.

Inflation Linked Notes

The Issuer may issue Notes where the amount of principal ("Inflation Linked Redemption Notes") and/or interest ("Inflation Linked Interest Notes") payable is dependent upon the level, or changes in the level, of an inflation index or a basket of inflation indices (together "Inflation Linked Notes").

Potential investors in any such Notes should be aware that, depending on the terms of the Inflation Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their principal investment. In addition, movements in the level of the inflation index or basket of inflation indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the inflation index or inflation indices may affect the actual yield to investors, even if the average level is consistent with their expectations.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the relevant inflation index or inflation indices on principal and/or interest payable will be magnified.

Many economic and market factors may influence the value of Inflation Linked Notes including, *inter alia*:

- general economic, financial, political or regulatory conditions;
- fluctuations in the prices of various consumer goods and energy resources; and
- inflation and expectations concerning inflation.

Any such factors may either offset or magnify each other. If the Calculation Agent determines that the level of a relevant inflation index has not been published or announced by a specified Relevant Determination Date, then a Substituted Index Level for the relevant inflation index will be determined by reference either to the terms of any specified Related Bond or by reference to a formula as set out in the Terms and Conditions or as specified in the applicable Final Terms, as the case may be.

If the Calculation Agent determines that the level of an inflation index has not been published or announced by an Index Sponsor for two consecutive months or such other period as is specified in the applicable Final Terms and/or an Index Sponsor announces that it will no longer continue to publish or announce such inflation index, the Calculation Agent shall either (i) determine a Successor Index pursuant to the terms of any specified Related Bond or (ii) designate a "Successor Index" as the replacement inflation index specified by the relevant Index Sponsor or (iii) if no successor inflation index can be determined by reference to (i) or (ii) the Calculation Agent may determine the relevant Successor Index. In each case, the Calculation Agent may make such adjustment(s) to the terms of the Notes it deems necessary or appropriate to account for any such replacement. If the Calculation Agent determines that there is no appropriate alternative inflation index, the Issuer may redeem the Notes early at the Early Redemption Amount specified in the applicable Final Terms.

If the Calculation Agent determines that an inflation index has been or will be rebased at any time, it may make such adjustments to the levels of such inflation index (following the terms of any specified Related Bond, where there is a Related Bond) so that such levels reflect the same rate of inflation as the inflation index before it was rebased and may make such adjustments to the terms of the Notes as it deems necessary.

If on or prior to a specified Relevant Determination Date, an Index Sponsor announces that it will make a material change to an inflation index, the Calculation Agent shall make appropriate adjustments to the terms of the Notes (consistent with any adjustments made to any Related Bond, where there is a Related Bond) to account for such change.

Illegality

In the event that the Calculation Agent determines that the performance of the Issuer's obligations under a Series of Notes or, as the case may be, the Guarantor's obligations under the Guarantee or that any arrangements made to hedge the Issuer's obligations under such Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part, the Issuer may redeem all, but not some only, of the Notes of such Series in accordance with the "*Terms and Conditions of the Notes*" below.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London Interbank Offered Rate (LIBOR). The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes where Maximum Rate of Interest applies

Notes where a Maximum Rate of Interest applies have an interest rate that is subject to a maximum specified rate. The maximum amount of interest payable in respect of these Notes will occur when the sum of the relevant reference rate and the specified margin (if any) equals the maximum specified rate. Investors in such Notes will therefore not benefit from any increase in the relevant reference rate which, when the specified margin is added to such reference rate, would otherwise cause such interest rate to exceed the maximum specified rate. The market value of these Notes would therefore typically fall the closer the sum of the relevant reference rate and the margin is to the maximum specified rate.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Additional Risk Factors

Additional risk factors in relation to specific issues of Notes may be included in the applicable Final Terms.

General risks related to a particular issue of Notes

No Claim against any Reference Item

A Note will not represent a claim against any Reference Item and, in the event that the amount paid on redemption of the Notes is less than the nominal amount of the Notes, a Noteholder will not have recourse under a Note to any Reference Item.

An investment in Notes linked to one or more Reference Items may entail significant risks not associated with investments in conventional debt securities, including but not limited to the risks set out in this section "Risks related to the structure of a particular issues of Notes". The amount paid by the Issuer on redemption of such Notes may be less than the principal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.

Hedging

In the ordinary course of its business, including without limitation in connection with its market making activities, the Issuer and/or any of its affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in the Reference Item(s) or related derivatives. In addition, in connection with the offering of the Notes, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Reference Item(s) 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 of its affiliates may enter into transactions in the Reference Item(s) or related derivatives which may affect the market price, liquidity or value of the Notes and which could be adverse to the interests of the relevant Noteholders.

Conflicts of Interest

Where the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders.

The Calculation Agent is entitled to carry out a series of determinations which affect the Notes. Such determinations could have an adverse effect on the value of the Notes and on the amounts payable to investors under the Terms and Conditions of the Notes, whether in the case of an early redemption event or at maturity, giving rise to a potential conflict of interest in respect of the interests of the Noteholders.

Potential conflicts of interest may arise in connection with Notes that are offered to the public, as any distributors or other entities involved in the offer and/or the listing of such Notes as indicated in the applicable Final Terms, will act pursuant to a mandate granted by the Issuer and can receive commissions and/or fees on the basis of the services performed in relation to such offer and/or listing.

Any further risk factors relating to additional conflicts of interest with respect to a particular issue of the Notes will be specified in the applicable Final Terms.

The Issuer and any Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to a Reference Item that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. Subject to any applicable laws and regulations, there is no obligation on the Issuer or any Dealer to disclose to Noteholders any such information.

The Issuer and/or any of its affiliates may have existing or future business relationships with any Reference Item(s) (including, but not limited to, lending, depositary, risk management, advisory and banking

relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Agent and the Issuer may agree, without the consent of the Noteholders to any modification (subject to certain specific exceptions) of the Agency Agreement (as defined under "*Terms and Conditions of the Notes*") which is not prejudicial to the interests of the Noteholders or any modification of the Notes, the Receipts, the Coupons, the Agency Agreement, the Guarantee or the Deed of Covenant (as defined under "*Form of the Notes*") which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to (or for the benefit of) an individual resident in that other Member State or to (or for the benefit of) certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries) subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or a withholding system; a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

The European Commission has proposed certain amendments to the Savings Directive which may amend or broaden the scope of the requirements described above.

If a payment to an individual were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

EU Crisis Management Framework

The European Commission has launched a (provisional) legislative proposal on crisis management in the financial sector on 6 June 2012, which includes a debt write-down tool in addition to other resolution tools. The debt write-down tool is meant to keep a stressed bank as a going concern or to fund the break-up of a failing bank by granting the power to the regulators to write down debt of the bank (or to convert such debt into equity). It is at this stage uncertain if the EU proposal will be adopted and if so, when and in what form. If the EU proposal were to be adopted, this could negatively affect the position of Noteholders.

Change of law

The Notes will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

In addition, any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of the Notes may change at any time (including during any subscription period or the term of the Notes). Any such change may have an adverse effect on a Noteholder, including that the Notes may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Noteholder may be less than otherwise expected by such Noteholder.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

No taxation gross-up on certain issues of Notes

If Condition 13(b) is specified as applicable in the applicable Final Terms, neither the Issuer nor the Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer or, as the case may be, the Guarantor shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes issued or materially modified on or after 1 January 2013 and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued, pursuant to the foreign account provisions ("FATCA") of the Hiring Incentives to Restore Employment Act of 2010. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("FFI") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("IRS") to provide certain information on its account holders (making the Issuer a "Participating FFI"), (ii) the Issuer has a positive "passthru percentage", and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b)

any FFI to or through which payment on such Notes is made is not a Participating FFI or otherwise exempt from FATCA withholding.

As at the date of this Base Prospectus, the regulations implementing FATCA have not yet been finalised. As a result, the application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, the Guarantor, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Noteholders should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

The application of FATCA to Notes issued or materially modified on or after 1 January 2013 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to this Base Prospectus, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE NOTEHOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

Taxation

Potential purchasers and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Notes are transferred and/or any relevant assets are delivered.

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

Risks related to the market generally

Set out below is a brief description of the principal market risks, including the impact of fees, liquidity risk, exchange rate risk, interest rate risk and credit risk:

Impact of fees, commissions and/or inducements on the Issue Price and/or offer price

Investors should note that the issue price and/or offer price of any issue of Notes may include subscription fees, placement fees, direction fees, structuring fees and/or other additional costs. Any such fees and/or other commissions and inducements will be disclosed to investors in the applicable Final Terms. Any such fees may not be taken into account for the purposes of determining the price of such Notes on the secondary market and could result in a difference between the original issue price and/or offer price, the theoretical value of such Notes, and/or the actual bid/offer price quoted by any intermediary in the secondary market.

Any such difference may have an adverse effect on the value of Notes, particularly immediately following the offer and the issue date relating to such Notes, where any such fees and/or costs may be deducted from the price at which such Notes can be sold by the initial investor in the secondary market.

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid and an investor may not be able to find a timely and/or suitable counterpart. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at prices higher than the relevant investor's initial investment. Investors seeking to liquidate/sell positions in the Notes prior to the stated maturity date may receive substantially less than their original purchase price. Therefore, in establishing their investment strategy, investors should ensure that the term of the Notes is in line with their future liquidity requirements. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. The liquidity of Notes is also influenced by whether or not the relevant Notes are exclusively offered to retail investors without any offer to institutional investors. To the extent that an issue of Notes is or becomes illiquid, investors may have to hold the relevant Notes until maturity before they are able to realise value.

The Issuer may, but is not obliged to, list an issue of Notes on a stock exchange or regulated market. If Notes are not listed or traded on any stock exchange or regulated market, pricing information for the relevant Notes may be more difficult to obtain and the liquidity of such Notes may be adversely affected, and therefore the price of the Notes could be affected by their limited liquidity.

If Notes are not listed or traded on a stock exchange or regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "MTF") or in other trading systems (e.g. bilateral systems, or equivalent trading systems). In the event that trading in such Notes takes place outside any such stock exchange, regulated market or trading systems, the manner in which the price of such Notes is determined may be less transparent and the liquidity of such Notes may be adversely affected. Investors should note that the Issuer does not grant any warranty to Noteholders as to the methodologies used to determine the price of Notes which are traded outside a trading system, however, where the Issuer or any of its affiliates determines the price of such Notes, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law. Even if Notes are listed and/or admitted to trading, this will not necessarily result in greater liquidity.

Each of the Issuer, the Guarantor and any Dealer may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private agreement. Any Notes so purchased may be held or resold or surrendered for cancellation. If any Notes are redeemed in part, then the number of Notes outstanding will decrease, which will reduce liquidity for the outstanding Notes. Any such activities may have an adverse effect on the price of the relevant Notes in the secondary market and/or the existence of a secondary market.

Any Dealer or any of its affiliates may, but is not obliged to, be a market maker, liquidity provider, specialist or bid intermediary, for an issue of Notes. Even if a Dealer is a market-maker, liquidity provider, specialist or bid intermediary for an issue of Notes, the secondary market for such Notes may be limited and there is no assurance given as to the price offered by a market-maker, liquidity provider, specialist or bid intermediary or the impact of any such quoted prices on those available in the wider market and any such activities may be affected by legal restrictions in certain jurisdictions.

The appointment of an entity acting as a market maker, liquidity provider, specialist or bid intermediary with respect to the Notes, may, under certain circumstances, have a relevant impact on the price of the Notes in the secondary market.

There may be less liquidity in the secondary market for the Notes also if they are exclusively offered to retail investors without any offer to institutional investors.

If it is possible to sell Notes, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including the performance of any relevant Reference Item, prevailing interest rates at the time of sale, the time remaining to the stated maturity date, the creditworthiness of the Issuer and factors affecting the capital markets generally. The introduction of additional or competing products in the market may also have a negative effect on the price of any Notes. It is therefore possible that an investor selling Notes in the secondary market may receive substantially less than their original purchase price.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Market Value of Notes

The market value of an issue of Notes will be affected by a number of factors independent of the creditworthiness of the Issuer, including, but not limited to:

(i) the value and volatility of the Reference Item(s);

(ii) in the case of Credit Linked Notes, the creditworthiness of the Reference Entity or Reference Entities;

(iii) where the Reference Item(s) is/are equity securities, the dividend rate on the Reference Item(s) and the financial results and prospects of the issuer of each Reference Item;

(iv) market interest and yield rates;

(v) fluctuations in exchange rates;

(vi) liquidity of the Notes or any Reference Item(s) in the secondary market;

(vii) the time remaining to any redemption date or the maturity date;

(viii) economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Reference Item may be traded.

The price at which a Noteholder will be able to sell any Notes prior to maturity may be at a discount, which could be substantial, to the market value of such Notes on the issue date, if, at such time, the market price of

the Reference Item(s) is below, equal to or not sufficiently above the market price of the Reference Item(s) on the issue date. The historical market prices of any Reference Item should not be taken as an indication of such Reference Item's future performance during the term of any Note.

Credit ratings may not reflect all risks

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

In general, European regulated investors are restricted under the CRA Regulation (as defined on the cover page of this Base Prospectus) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Prospective investors who consider purchasing any Notes should reach an investment decision only after carefully considering the suitability of such Notes in light of their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the audited non-consolidated annual financial statements of the Issuer for the financial years ended 31st December, 2010 and 31st December, 2011, together, in each case, with the related auditors' report;

(b) the audited consolidated annual financial statements of the Guarantor for the financial years ended 31st December, 2010 and 31st December, 2011, together, in each case, with the related auditors' report; and

(c) the Extended Quarterly Report 1Q2012 of KBC Group NV.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in a document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the Luxembourg Stock Exchange's website at www.bourse.lu and from the registered office of the Issuer. This Base Prospectus will also be published on the Luxembourg Stock Exchange's website at www.bourse.lu.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Notes or any change in the condition of the Issuer which is material in the context of the Programme or the issue of any Notes, prepare and publish a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Notes. Furthermore, each of the Issuer and the Guarantor has undertaken to the Dealers in the Programme Agreement that it will, in connection with the listing of the Notes on the Luxembourg Stock Exchange, so long as any Note remains outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of the Issuer or the Guarantor which is not reflected in this Base Prospectus, prepare a further supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of the Notes to be listed on the Luxembourg Stock Exchange.

If the terms of the Programme are modified or amended in a manner which would make this Base Prospectus, as supplemented, inaccurate or misleading, a new base prospectus will be prepared.

Specific items contained in "*Documents Incorporated by Reference*"

Documents	**Page Number**
Audited non-consolidated annual financial statements of the Issuer for the financial year ended 31st December, 2011	
balance sheet	4
profit and loss account	5
cash flow statement	6
notes to the financial statements	7-25
auditors' report	27-28
Audited non-consolidated annual financial statements of the Issuer for the financial year ended 31st December, 2010	
balance sheet	3
profit and loss account	4
cash flow statement	5
notes to the financial statements	6-17
auditors' report	19-20
*Audited consolidated annual financial statements of the Guarantor and its consolidated subsidiaries for the financial year ended 31st December, 2011**	
report of the board of directors	5-60
balance sheet	67
income statement	65
cash flow statement	70
notes to the financial statements	73-151
auditors' report	62
statement of changes in equity	68-69
*Audited consolidated annual financial statements of the Guarantor and its consolidated subsidiaries for the financial year ended 31st December, 2010**	
balance sheet	64
income statement	62
cash flow statement	67
notes to the financial statements	70-146
auditors' report	59-61
statement of changes in equity	65-66
*Extended Quarterly Report 1Q2012 of KBC Group NV**	
report on 1Q2012	3-15
analysis of underlying earnings components	16-19
underlying results per business unit	20-32

Documents	Page Number
consolidated financial statements according to IFRS	33-57
risk and capital management	58-67

* Page references are to the English language PDF version of the relevant incorporated documents.

Information contained in the documents incorporated by reference other than information listed in the table above is for informational purposes only.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency (and having a minimum maturity of one month), subject as set out herein. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below.

This Base Prospectus and any supplement will only be valid for issuing Notes in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €25,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

(a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;

(b) the euro equivalent of Commodity Linked Notes, Credit Linked Notes, Currency Linked Notes, Inflation Linked Notes, Equity Linked Notes, Index Linked Notes, Fund Linked Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the 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 Issuer for the relevant issue.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a Temporary Global Note which will:

(i) if the Global Notes (as defined under "*Terms and Conditions of the Notes*" below) are intended to be issued in new global note ("NGN") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg; and

(ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to the Common Depositary for Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Any reference in this section "*Form of the Notes*" to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Agent, and specified in the applicable Final Terms.

On and after the date (the "Exchange Date") which is the later of (i) 40 days after the Temporary Global Note is issued and (ii) 40 days after the completion of the distribution of the relevant Tranche, as determined and notified by the Agent (the "Distribution Compliance Period"), interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein for interests in a Permanent Global Note of the same Series without receipts, interest coupons or talons against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless upon due certification, exchange of the Temporary Global Note for interests in the Permanent Global Note is improperly withheld or refused. Pursuant to the Agency Agreement the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. Unless otherwise specified in the applicable Final Terms, a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (A) an Event of Default (as defined in Condition 15) has occurred and is continuing, or (B) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact

done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 19 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the dates of receipt of the first relevant notice by the Agent. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all Notes which have an original maturity of 365 days or more and on all receipts and interest coupons relating to such Notes:

'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.'

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the times being of Euroclear or Clearstream, Luxembourg, as the case may be.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Condition 15. In such circumstances, where any Note is still represented by a Global Note (or any part thereof) and a holder of such Note so represented and credited to his securities account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such Global Note, such Global Note will become void at 8.00 pm (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the "Deed of Covenant") dated 27 June 2012 as amended and/or supplemented and/or restated from time to time executed by the Issuer.

FORM OF FINAL TERMS

The following is the form of Final Terms which will be completed in relation to each Tranche of Notes (References to numbered Conditions are to the Terms and Conditions of the relevant Notes):

[*Date*]

KBC INTERNATIONALE FINANCIERINGSMAATSCHAPPIJ N.V.
(KBC IFIMA N.V.)

(a limited liability company under Dutch law with its corporate seat at Rotterdam, The Netherlands)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Principal protected/Principal not protected]

Guaranteed by KBC Bank NV
under the €25,000,000,000

Wholesale Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

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 27 June 2012[, as supplemented by a supplement dated [●]], the "Base Prospectus", which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the "Prospectus Directive"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplements] is available on the website of the Luxembourg Stock Exchange at www.bourse.lu and the website of KBC at www.kbc.com and copies may be obtained during normal business hours at the registered office of the Issuer. A copy of the Final Terms will be available on the website of the Luxembourg Stock Exchange at www.bourse.lu.

[*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 27 June 2012 as supplemented from time to time which are incorporated by reference in the base prospectus dated 27 June 2012 [as supplemented by a supplement dated [●],]the "Base Prospectus", and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") and must be read in conjunction with the Base Prospectus dated 27 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 27 June 2012. Copies of such Base Prospectus are available on the website of the Luxembourg Stock Exchange at www.bourse.lu and the website of KBC at www.kbc.com and copies may be obtained during normal business hours at the registered office of the Issuer. A copy of the Final Terms will be available on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Prospective purchasers should conduct their own investigations and, in deciding whether or not to purchase Notes, prospective purchasers should form their own views of the merits of an investment related to the relevant underlying (interest rate, index, share, fund, currency, inflation rate, commodity and/or reference entity) based upon such investigations and not in reliance upon any information given in this document.

No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.

By investing in the Notes each investor represents that:

(a) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Guarantor or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer, the Guarantor or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.

(b) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.

(c) Status of Parties. None of the Issuer, the Guarantor and any Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.

[*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 directions for completing the Final Terms.*]

[*When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)
2		Specified Currency or Currencies:	[●]
3		Aggregate Nominal Amount:	
	(i)	Series:	[●]

	(ii)	Tranche:	[●]
4	Issue Price:		[●] per cent., of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5	(i)	Specified Denominations:	[●] *(Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:* *"€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.")* *(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area regulated market; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)*
	(ii)	Calculation Amount:	[●] *(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.)*
6	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]
7	(i)	Maturity Date:	[*specify date*]/[Interest Payment Date falling in [or nearest to] [*specify month and year*]/[[●] Business Days after the [final] Valuation Date, expected to be [●]] [(the "Scheduled Maturity Date"), subject as provided in Condition 11(e) [, and] [Condition 11(f)] [and] [Condition 11(g)] [and] [(Condition 11(h)] (*include for Credit Linked Notes but include as applicable: see below*)]
	(ii)	Business Day Convention for Maturity Date:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
	(iii)	Additional Busienss Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
8	Interest Basis:		[Fixed Rate] [Floating Rate] [Range Accrual Notes] [Zero Coupon] [Index Linked Interest] [Equity Linked Interest]

		[Fund Linked Interest]
		[Currency Linked Interest]
		[Inflation Linked Interest]
		[Commodity Linked Interest]
		[non-interest bearing]
		[*specify other*] *(only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)
		(*further particulars specified below*)
9	Redemption/Payment Basis:	[Redemption at par]
		[Redemption at Specified Redemption Amount]
		[Partly Paid]
		[Instalment]
		[Index Linked Redemption]
		[Equity Linked Redemption]
		[Commodity Linked Redemption]
		[Inflation Linked Redemption]
		[Credit Linked Note/Other](*only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)
10	Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for convertibility of Notes into another Interest Basis or Redemption/Payment Basis*]
11	Put/Call Options:	[Investor Put]
		[Issuer Call]
		[(further particulars specified below)]
12	Tax Gross-Up:	[Condition 13(a) applicable]/[Condition 13(b) applicable]
		(N.B. Only one of Condition 13(a) and 13(b) should be specified as applicable. If Condition 13(a) is specified as applicable, Condition 05(b) will be applicable. If Condition 13(b) is specified as applicable, Condition 05(b) will not be applicable)
13	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	Fixed Rate Note Provisions	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Rate[s] of Interest:	[[●] per cent. per annum/ [●] per cent. per annum for first [●] interest periods, followed by [●] per cent. per annum for remaining interest periods.]
		[payable [annually/semi-annually/quarterly/monthly] in arrear] (*if payable other than annually, consider amending*

		Condition 3).
(ii)	Interest Period End Date(s):	[●] in each year, starting on [●], up to and including the [●] (*NB: This will need to be amended in the case of long or short coupons*)
(iii)	Business Day Convention for Interest Period End Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(iv)	Interest Payment Date(s):	[[●] in each year, starting on [●], up to and including the Maturity Date]/[Interest Payment Dates will correspond to Interest Period End Dates]
(v)	Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(vi)	Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
(vii)	Fixed Coupon Amount[s] per Calculation Amount: (*Applicable to Notes in definitive form*.)	[●]
(viii)	Broken Amount[s] per Calculation Amount: (*Applicable to Notes in definitive form.*)	[[●], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(ix)	Day Count Fraction:	(*Specify one of the options listed below*) [Actual/Actual (ICMA) [Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] (*see Condition 3 for alternatives*)
(x)	Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*
(xi)	Determination Date(s):	[●] in each year (*Insert regular Interest Period End Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*) (*NB: This will need to be amended in the case of regular*

		Interest Period End Date, where Interest Periods are not of equal duration) (NB: Only relevant where Fixed Day Count Fraction is Actual/Actual (ICMA))
	(xii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[*None/give details*] (*only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)
15	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(i) Interest Period End Dates:	[●]
	(ii) Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
	(iii) Interest Payment Dates:	[[●] in each year, starting on [●], up to and including the Maturity Date] [Interest Payment Dates will correspond to Interest Period End Dates]
	(iv) Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
	(v) Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
	(vi) Interest Variable Option:	[Not Applicable] [ISDA Determination] [Screen Rate Determination] [Rates Variance] [Asian Option – Interest Rates] [Digital Option] *(Depending on the applicable Interest Variable Option selected, insert the relevant variables within the corresponding paragraph below)*
	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Guarantor):	[*Give name and address)*]
	(viii) Interest Multiplier:	[100] [●] per cent.
	(ix) Screen Rate Determination:	[Applicable/Not Applicable]
	– Reference Rate:	[●] *(Insert relevant LIBOR, EURIBOR or CMS rate)*
	– Interest Determination Date(s):	[●] *(The second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling*

LIBOR); first day of each Interest Period if Sterling LIBOR; the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt prior to the start of each Interest Period if CMS)

– Relevant Screen Page: [●]

[Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*)

(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)

(x) ISDA Determination: [Applicable/Not Applicable]

– Floating Rate Option: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Designated Maturity: [●]

– Reset Date(s): [First day of the relevant Interest Period] [●]

(xi) Rates Variance: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

– $Rate_1$: [[●] per cent. per annum]

[As determined in accordance with the following elections:

– [$Rate_1$ Variable Option: [ISDA Determination *(If ISDA Determination applies, insert relevant information for determining $Rate_1$)*

– Floating Rate Option: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Designated Maturity: [●]

– Reset Date(s): [First day of the relevant Interest Period] [●]]

[Screen Rate Determination *(If Screen Rate Determination applies, insert relevant information for determining $Rate_1$)*

– Reference Rate: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Interest Determination Date(s): [●]

(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt) prior to the start of each

Interest Period if CMS)

– Relevant Screen Page: [●]

[Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*)

(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)]

– $Rate_2$: [[●] per cent. per annum]

[As determined in accordance with the following elections:

– [$Rate_2$ Variable Option: [ISDA Determination *(If ISDA Determination applies, insert relevant information for determining $Rate_2$)*

– Floating Rate Option: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Designated Maturity: [●]

– Reset Date: [First day of the relevant Interest Period] [●]]

[Screen Rate Determination *(If Screen Rate Determination applies, insert relevant information for determining $Rate_2$)*

– Reference Rate: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Interest Determination Date(s): [●]

(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt prior to the start of each Interest Period if CMS)

– Relevant Screen Page: [●]

[Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*)

(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)]

(xii) Asian Option – Interest Rates: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

– n: [●]

– $Rate_t$: As determined in accordance with the following elections:

– [$Rate_t$ Variable Option: [ISDA Determination *(If ISDA Determination applies, insert relevant information for determining $Rate_t$)*

– Floating Rate Option: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Designated Maturity: [●]

– Reset Date:

$Rate_{t1}$	[●]
$Rate_{t2}$	[●]
$Rate_{t3}$	[●]
$Rate_{tn}$	[●]

(Insert the different Reset Dates for the purpose of determining each $Rate_t$)]

[Screen Rate Determination *(If Screen Rate Determination applies, insert relevant information for determining $Rate_t$)*

– Reference Rate: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Interest Determination Dates(s):

$Rate_{t1}$	[●]
$Rate_{t2}$	[●]
$Rate_{t3}$	[●]
$Rate_{tn}$	[●]

(Insert the different Interest Determination Date(s) for the purpose of determining each $Rate_t$)]

– Relevant Screen Page: [●]

[Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*)

(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)

(xiii) Digital Option: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph. If applicable, insert the relevant variables within the corresponding paragraph below)

– Digital Option Type: Interest Rates

– Digital Option Payment Condition: [Greater Than]

[Equal To]

[Less Than]

[Greater Than Or Equal To]

[Less Than Or Equal To]

– Digital Option Variable: Interest Rates

– Digital Option Variable Interest Determination [ISDA Determination *(If ISDA Determination applies, insert relevant information for determining Digital Option Variable)*

Method:

– Floating Rate Option:	[●] *(Insert relevant LIBOR, EURIBOR or CMS rate)*
– Designated Maturity:	[●]
– Reset Date:	[First day of the relevant Interest Period] [●]] [Screen Rate Determination *(If Screen Rate Determination applies, insert relevant information for determining Digital Option Variable)*
– Reference Rate:	[●] *(Insert relevant LIBOR, EURIBOR or CMS rate)*
– Interest Determination Date(s):	[●] *(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt prior to the start of each Interest Period if CMS)*
– Relevant Screen Page:	[●] [Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*) *(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)*
– Digital Option Strike:	[●] per cent. per annum
– Digital Option Exercised Rate:	[[●] per cent. per annum] [As determined in accordance with the Conditions]
– Digital Option Payment Determination Method:	[Not Applicable] [ISDA Determination] [Screen Rate Determination] [Collar – ISDA Rate] [Collar – Screen Rate] [Other]*(other determination method only if a Prospectus is not required for the purposes of the Prospectus Directive)*
– Digital Option Fallback Rate:	[zero] [[●] per cent. per annum] [Screen Rate Determination] [ISDA Determination] [Collar – ISDA Rate] [Collar – Screen Rate]

(If ISDA Determination applies as Digital Option Payment Method or Digital Option Fallback Rate, or if Collar - ISDA Rate applies as Digital Option Payment Determination Method or Digital Option Fallback Rate, insert relevant information below)

– Floating Rate Option: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Designated Maturity: [●]

– Reset Date: [First day of the relevant Interest Period] [●]]

(If Screen Rate Determination applies as Digital Option Payment Method or Digital Option Fallback Rate, or if Collar – Screen Rate applies as Digital Option Payment Determination Method or Digital Option Fallback Rate, insert relevant information below)

– Reference Rate: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Interest Determination Date(s): [●]

(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt prior to the start of each Interest Period if CMS)

– Relevant Screen Page: [●]

[Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*)

(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)

(If Collar - ISDA Rate or Collar - Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate or Digital Option Fallback Rate)

– Cap Rate: [●]

– Floor Rate: [●]

– Collar Margin: [+/-] [●] per cent. per annum

(xiv) Margin(s): [+/-] [●] per cent. per annum

(xv) Minimum Rate of Interest: [●] per cent. per annum

(xvi) Maximum Rate of Interest: [●] per cent. per annum

(With respect to any Interest Period, insert (i) Minimum Rate of Interest to floor the Rate of Interest; (ii) Maximum Rate of Interest to cap the Rate of Interest and (iii) Minimum Rate of Interest and

		Maximum Rate of Interest to collar the Rate of Interest)
	(xvii) Day Count Fraction:	(*Specify one of the options listed below*) [[Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] (*see Condition 3 for alternatives*)
	(xviii) Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*
16	Range Accrual Note Provisions:	[Applicable/Not Applicable]
	(i) Interest Period End Dates:	[●]
	(ii) Business Day Convention for Interest Period End Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
	(iii) Interest Payment Dates:	[[●] in each year, starting on [●], up to and including the Maturity Date] [Interest Payment Dates will correspond to Interest Period End Dates]
	(iv) Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
	(v) Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
	(vi) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) and for making calculations pursuant to Condition 3(d):	[*Give name and address)*]
	(vii) Minimum Rate of Interest:	[●] per cent. per annum
	(viii) Maximum Rate of Interest:	[●] per cent. per annum
	(ix) Day Count Fraction:	(*Specify one of the options listed below*) [[Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis]

	[30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] (*see Condition 3 for alternatives*)
(x) Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*
(xi) Target Variable:	[Fixed Rate: [●] per cent. per annum] [ISDA Determination (*If ISDA Determination applies, insert relevant information for determining Digital Option Variable*)
- Floating Rate Option:	[●] *(Insert relevant LIBOR, EURIBOR or CMS rate)*
- Designated Maturity Rate:	[●]
- Reset Date:	[First day of the relevant Interest Period] [●]] [Screen Rate Determination (*If Screen Rate Determination applies, insert relevant information for determining Digital Option Variable*)
- Reference Rate:	[●] (*Insert relevant LIBOR, EURIBOR or CMS rate)*
- Interest Determination Date(s):	[●] *(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt prior to the start of each Interest Period] if CMS)*
- Relevant Screen Page:	[●] [Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*) *(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)]*
(xii) Variable 1:	[●]
(xiii) Variable 2:	[●][Not Applicable] *(There need not be a Variable 2)*
(xiv) Valuation Time:	[●]
(xv) Accrual Pricing Date:	[●]

	(xvi) Reference Spread Screen Page:	[●]
	(xvii) Accrual Threshold:	[●]
17	Zero Coupon Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Accrual Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Any other formula/basis of determining amount payable:	[●]
	(iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 5(e)(iii) and 5(k) apply/*specify other*] (Consider applicable day count fraction if not U.S. dollar denominated)
18	Index Linked Interest Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Formula for calculating interest rate including provisions for determining Coupon where calculation by reference to Index/Indices is impossible or impracticable and other back up provisions:	[*give or annex details*] (*only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)
	(ii) Interest Variable Option:	[Not Applicable] [Evolution of Index] [Asian Option – Index] [Digital Option] *(Depending on the applicable Interest Variable Option selected, insert the relevant variables within the corresponding paragraph below)*
	(iii) Whether the Notes relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of the relevant sponsors:	[(*Give or annex details*)] [Basket of Indices/Single Index] *(only applicable if a Prospectus is not required for the purposes of the Prospectus Directive)* [The Index is a Designated Multi-Exchange Index.] *(N.B. Designated Multi-Exchange Index only applies in relation to the Euro Stoxx Index unless otherwise specifically agreed)*
	(iv) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) and for	[*Give name and address)*]

	making calculations pursuant to Condition 7:	
(v)	Interest Period End Dates:	[●]
(vi)	Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(vii)	Interest Payment Dates:	[[●] in each year, starting on [●], up to and including the Maturity Date]/[Interest Payment Dates will correspond to Interest Period End Dates]
(viii)	Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(ix)	Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition*)
(x)	Interest Multiplier:	[100] [●] per cent.
(xi)	Minimum Rate of Interest:	[●] per cent. per annum
(xii)	Maximum Rate of Interest:	[●] per cent. per annum *(With respect to any Interest Period, insert (i) Minimum Rate of Interest to floor the Rate of Interest; (ii) Maximum Rate of Interest to cap the Rate of Interest and (iii) Minimum Rate of Interest and Maximum Rate of Interest to collar the Rate of Interest)*
(xiii)	Margin:	[+/-] [●] per cent. per annum
(xiv)	Day Count Fraction:	(*Specify one of the options listed below*) [[Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] (*see Condition 3 for alternatives*)
(xv)	Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*
(xvi)	Exchange(s):	[●]
(xvii)	Related Exchange(s):	[All Exchanges]
(xviii)	Valuation Date(s):	[●] *(Where Evolution of Index is specified to be applicable in paragraph (xxiv) below, specify the Valuation Dates in respect of*

each Interest Period)

(xix) Valuation Time: [Condition 7(c) applies/*other*]

(xx) Strike Price: [●]

(xxi) Multiplier for each Index comprising the basket: [*Insert details*/Not Applicable]

(xxii) Correction of Index Levels: Correction of Index Levels [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].

(xxiii) Correction Cut-Off Date: [●] Business Days prior to each Interest Payment Date/Not Applicable.

(xxiv) Trade Date: [●]

(xxv) Other terms or special conditions: [●] [Not Applicable]

(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)

(xxvi) Evolution of Index: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

– $Index_{initial}$: [●]

(Insert the initial Index level)

(xxvii) Asian Option – Index: [Applicable/Not Applicable]

- $Index_{initial:}$ [●]

(*Insert the initial Index price*)

- n: [●]

- $Index_{t:}$ As determined in accordance with the following elections:

- $Index_t$ Valuation Dates:

$Index_{t1}$	[●]
$Index_{t2}$	[●]
$Index_{t3}$	[●]
$Index_{tn}$	[●]

(*Insert the different Valuation Dates for the purpose of determining each* $Index_t$)

(xxviii) Digital Option: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph. If applicable, insert the relevant variables within the corresponding paragraph below)

– Digital Option Type: Index

– Digital Option Payment Condition:
[Greater Than]
[Equal To]
[Less Than]
[Greater Than Or Equal To]
[Less Than Or Equal To]

– Digital Option Variable: Index

– Digital Option Strike: [●]
(Insert relevant level)

– Digital Option Exercised Rate:
[[●] per cent. per annum]
[As determined in accordance with the Conditions]

– Digital Option Payment Determination Method:
[Not Applicable]
[ISDA Determination]
[Screen Rate Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]
[Other]*(other determination method only if a Prospectus is not required for the purposes of the Prospectus Directive)*

– Digital Option Fallback Rate:
[Zero]
[[●] per cent. per annum]
[Screen Rate Determination]
[ISDA Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]
(If ISDA Determination applies as Digital Option Payment Method or Digital Option Fallback Rate, or if Collar - ISDA Rate applies as Digital Option Payment Determination Method or Digital Option Fallback Rate, insert relevant information below)

  – Floating Rate Option: [●]
  (Insert relevant LIBOR, EURIBOR or CMS rate)

  – Designated Maturity: [●]

  – Reset Date: [First day of the relevant Interest Period] [●]]
  [Screen Rate Determination] *(If Screen Rate Determination applies, insert relevant information for determining Digital Option Variable)*

  – Reference Rate: [●]
  (Insert relevant LIBOR, EURIBOR or CMS rate)

  – Interest Determination Date(s): [●]

		(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt prior to the start of each Interest Period if CMS)
	– Relevant Screen Page:	[●] [Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*) (*in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate*) *(If Collar - ISDA Rate or Collar - Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate or Digital Option Fallback Rate)*
	– Cap Rate:	[●]
	– Floor Rate:	[●]
	– Collar Margin:	[+/-] [●] per cent. per annum
19	Equity Linked Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete remaining sub-paragraphs of this paragraph*)
	(i) Formula for calculating interest rate including back up provisions:	[*Give or annex details*] (*only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)
	(ii) Interest Variable Option:	[Not Applicable] [Evolution of Basket of Underlying Equities] [Asian Option - Basket of Underlying Equities] [Digital Option] *(Depending on the applicable Interest Variable Option selected, insert the relevant variables within the corresponding paragraph below)*
	(iii) Whether the Notes relate to a basket of equity securities or a single equity security and the identity of the relevant Equity Issuer(s):	[Basket of Underlying Equities/Single Underlying Equity] [*Give or annex details of the relevant Underlying Equities/Underlying Equity, as applicable*]
	(iv) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) and for making calculations pursuant to Condition 8:	[*Give name and address*]

(v)	Interest Period End Dates:	[●]
(vi)	Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(vii)	Interest Payment Dates:	[[●] in each year starting on [●], up to and including the Maturity Date]/[Interest Payment Dates will correspond to Interest Period End Dates]
(viii)	Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(ix)	Additional Business Day Centre(s):	[●](*please specify other financial centres required for the Business Day definition*)
(x)	Interest Multiplier:	[100][●] per cent.
(xi)	Margin:	[+/-] [●] per cent. per annum
(xii)	Minimum Rate of Interest:	[●]
(xiii)	Maximum Rate of Interest:	[●] *(With respect to any Interest Period, insert (i) Minimum Rate of Interest to floor the Rate of Interest; (ii) Maximum Rate of Interest to cap the Rate of Interest and (iii) Minimum Rate of Interest and Maximum Rate of Interest to collar the Rate of Interest)*
(xiv)	Day Count Fraction:	(*Specify one of the options listed below*) [[Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] (*see Condition 3 for alternatives*)
(xv)	Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*
(xvi)	Exchange(s):	[●]
(xvii)	Related Exchange(s):	[/All Exchanges]
(xviii)	Potential Adjustment Events:	[Applicable/Not Applicable]
(xix)	De-listing, Merger Event, Nationalisation and Insolvency:	[Applicable/Not Applicable]
(xx)	Tender Offer:	[Applicable/Not Applicable]

(xxi) Reference Price:	[●]
(xxii) Valuation Date(s):	[●] *(Where Evolution of Basket of Underlying Equities is specified to be applicable in paragraph (xxix) below, specify the Valuation Dates in respect of each Interest Period)*
(xxiii) Valuation Time:	[Condition 8.A.(e) applies/*other*
(xxiv) Strike Price:	[●]
(xxv) Exchange Rate:	[Applicable/Not Applicable] [*Insert details*]
(xxvi) Multiplier for each Underlying Equity comprising the basket (which is subject to adjustment as set out in Condition 8.A.(b)):	[*Insert details*/Not Applicable]
(xxvii) Correction of Share Prices:	Correction of Share Prices [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].
(xxviii) Correction Cut-Off Date:	[●] Business Days prior to each Interest Payment Date/Not Applicable.
(xxix) Trade Date:	[●]
(xxx) Other terms or special conditions:	[●] [Not Applicable] *(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)*
(xxxi) Evolution of Basket of Underlying Equities:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
– $EquityBasket_{initial}$:	[●] *(Insert the initial EquityBasket price)*
(xxxii) Asian Option – Basket of Underlying Equities:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
– $EquityBasket_{initial}$:	[●] *(Insert the initial EquityBasket price)*
– n:	[●]
– $EquityBasket_t$:	As determined in accordance with the following elections:
– $EquityBasket_t$Valuation Dates:	

$EquityBasket_{t1}$	[●]

$EquityBasket_{t2}$	[●]
$EquityBasket_{t3}$	[●]
$EquityBasket_{tn}$	[●]

(Insert the different Valuation Dates for the purpose of determining each $EquityBasket_t$)

(xxxiii) Digital Option: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph. If applicable, insert the relevant variables within the corresponding paragraph below)

– Digital Option Type: Basket of Underlying Equities

– Digital Option Payment Condition: [Greater Than]
[Equal To]
[Less Than]
[Greater Than Or Equal To]
[Less Than Or Equal To]

– Digital Option Variable: Basket of Underlying Equities

– Digital Option Strike: [●]
(Insert relevant price)

– Digital Option Exercised Rate: [[●] per cent. per annum]
[As determined in accordance with the Conditions]

– Digital Option Payment Determination Method: [Not Applicable]
[ISDA Determination]
[Screen Rate Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]
[Other]*(other determination method only if a Prospectus is not required for the purposes of the Prospectus Directive)*

– Digital Option Fallback Rate: [Zero]
[[●] per cent. per annum]
[Screen Rate Determination]
[ISDA Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]

(If ISDA Determination applies as Digital Option Payment Method or Digital Option Fallback Rate, or if Collar - ISDA Rate applies as Digital Option Payment Determination Method or Digital Option Fallback Rate, insert relevant information below)

– Floating Rate Option: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Designated Maturity: [●]

– Reset Date: [First day of the relevant Interest Period] [●]]

[Screen Rate Determination] *(If Screen Rate Determination applies, insert relevant information for determining Digital Option Variable)*

– Reference Rate: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Interest Determination Date(s): [●]

(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt] if CMS)

– Relevant Screen Page: [●]

[Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*)

(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)

(If Collar - ISDA Rate or Collar - Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate or Digital Option Fallback Rate)

– Cap Rate: [●]

– Floor Rate: [●]

– Collar Margin: [+/-] [●] per cent. per annum

20 Fund Linked Interest Note Provisions [Applicable/Not Applicable]

(*If not applicable, delete remaining sub-paragraphs of this paragraph*)

(i) Formula for calculating interest rate including back up provisions: [*Give or annex details*] (*only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)

(ii) Interest Variable Option: [Not Applicable]

[Evolution of Basket of Underlying Fund Interests]

[Asian Option - Basket of Underlying Fund Interests]

[Digital Option]

(Depending on the applicable Interest Variable Option

		selected, insert the relevant variables within the corresponding paragraph below)
(iii)	Whether the Notes relate to a basket of fund interests or a single fund interest, and the identity of the relevant Fund(s):	[Basket of Fund Interests/Single Fund Interest] [*Give or annex details of the relevant Fund Interests/Fund Interest and Fund*]
(iv)	Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) and for making calculations pursuant to Condition 8.B.:	[*Give name and address*]
(v)	Interest Period End Dates:	[●]
(vi)	Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(vii)	Interest Payment Dates:	[[●] in each year, starting on [●], up to and including the Maturity Date]/[Interest Payment Dates will correspond to Interest Period End Dates]
(viii)	Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(ix)	Additional Business Day Centre(s):	[●](*please specify other financial centres required for the Business Day definition*)
(x)	Minimum Rate of Interest:	[●]
(xi)	Maximum Rate of Interest:	[●]
(xii)	Margin:	[+/-] [●] per cent. per annum
(xiii)	Day Count Fraction:	(*Specify one of the options listed below*) [Actual/Actual (ICMA) [[Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] *(see Condition 3 for alternatives)*
(xiv)	Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*

(xv) Fund Potential Adjustment Events: [Applicable/Not Applicable]

(xvi) Fund Extraordinary Events: [Applicable/Not Applicable]

(xvii) Reference Price: [●]

(xviii) Valuation Date(s): [●][or if such day if not a [Scheduled Fund Valuation Date/Scheduled Fund Redemption Valuation Date], the immediately succeeding day that is a [Scheduled Fund Valuation Date/Scheduled Fund Redemption Valuation Date]

(xix) Valuation Time: [●]

(xx) Strike Price: [●]

(xxi) Exchange Rate: [Applicable/Not Applicable]

[*Insert details*]

(xxii) Multiplier for each Fund Interest comprising the basket (which is subject to adjustment as set out in Condition 8.B.(b)): [*Insert details*/Not Applicable]

(xxiii) Trade Date: [●]

(xxiv) Other terms or special conditions: [●]*(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)*

(xxv) Evolution of Basket of Underlying Fund Interests: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

– $FundBasket_{initial}$: [●]

(Insert the initial FundBasket price)

(xxvi) Asian Option – Basket of Underlying Fund Interests: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

– $FundBasket_{initial}$: [●]

(Insert the initial Fund Basket price)

– n: [●]

– $FundBasket_t$: As determined in accordance with the following elections:

– $FundBasket_t$ Valuation Dates:

$FundBasket_{t1}$	[●]
$FundBasket_{t2}$	[●]
$FundBasket_{t3}$	[●]

$FundBasket_{tn}$	[●]

(Insert the different Valuation Dates for the purpose of determining each $FundBasket_t$)

(xviii) Digital Option: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph. If applicable, insert the relevant variables within the corresponding paragraph below)

– Digital Option Type: Basket of Underlying Fund Interests

– Digital Option Payment Condition: [Greater Than]
[Equal To]
[Less Than]
[Greater Than Or Equal To]
[Less Than Or Equal To]

– Digital Option Variable: Basket of Underlying Fund Interests

– Digital Option Strike: [●]
(Insert relevant price)

– Digital Option Exercised Rate: [[●] per cent. per annum]
[As determined in accordance with the Conditions]

– Digital Option Payment Determination Method: [Not Applicable]
[ISDA Determination]
[Screen Rate Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]
[Other]*(other determination method only if a Prospectus is not required for the purposes of the Prospectus Directive)*

– Digital Option Fallback Rate: [Zero]
[[●] per cent. per annum]
[Screen Rate Determination]
[ISDA Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]
(If ISDA Determination applies as Digital Option Payment Method or Digital Option Fallback Rate, or if Collar - ISDA Rate applies as Digital Option Payment Determination Method or Digital Option Fallback Rate, insert relevant information below)

– Floating Rate Option: [●]
(Insert relevant LIBOR, EURIBOR or CMS rate)

– Designated Maturity: [●]

– Reset Date: [First day of the relevant Interest Period] [●]]

		[Screen Rate Determination] *(If Screen Rate Determination applies, insert relevant information for determining Digital Option Variable)*
	– Reference Rate:	[●] *(Insert relevant LIBOR, EURIBOR or CMS rate)*
	– Interest Determination Date(s):	[●] *(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt] if CMS)*
	– Relevant Screen Page:	[●] [Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*) *(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)* *(If Collar - ISDA Rate or Collar - Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate or Digital Option Fallback Rate)*
	– Cap Rate:	[●]
	– Floor Rate:	[●]
	– Collar Margin:	[+/-] [●] per cent. per annum
21	Commodity Linked Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Relevant Commodity, Commodity Index, Commodities or Commodity Indices:	[●] [which is a Bullion Commodity]
	(ii) Formula for calculating interest rate including back up provisions:	[*Give or annex details*] (*only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)
	(iii) Interest Variable Option:	[Not Applicable] [Evolution of Basket of Underlying Commodities] [Asian Option - Basket of Underlying Commodities] [Digital Option] *(Depending on the applicable Interest Variable Option*

		selected, insert the relevant variables within the corresponding paragraph below)
(iv)	Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[(*Give name and address)*]
(v)	Interest Period End Dates:	[●]
(vi)	Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(vii)	Interest Payment Dates:	[[●] in each year, starting on [●], up to and including the Maturity Date]/[Interest Payment Dates will correspond to Interest Period End Dates]
(viii)	Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(ix)	Additional Business Day Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
(x)	Margin:	[+/-] [●] per cent. per annum
(xi)	Minimum Rate of Interest:	[●]
(xii)	Maximum Rate of Interest:	[●]
(xiii)	Day Count Fraction:	(*Specify one of the options listed below*) [[Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] (*see Condition 3 for alternatives*)
(xiv)	Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*
(xv)	Pricing Date(s):	[●]
(xvi)	Commodity Business Day Convention:	[Following/Modified Following/Nearest/Preceding]
(xvii)	Common Pricing:	[Applicable/Not Applicable] (*N.B. Only applicable in relation to Notes linked to a basket of Commodities*)

(xviii) Commodity Business Day:	[*Specify*/The definition in Condition 6 applies]
(xix) Commodity Reference Price and any other provisions relating to the Relevant Price:	[●]
(xx) Specified Price:	[high price] [low price] [average of high and low prices] [closing price] [opening price] [bid price] [asked price] [average of bid and asked prices] [settlement price] [official settlement price] [official price] [morning fixing] [afternoon fixing] [spot price] [other] [*insert time, if applicable*]
(xxi) Delivery Date:	[*date*][*month and year*][[First/Second/Third/other] Nearby Month] [*specify method*]
(xxii) Unit:	[●]
(xxiii) Price Source:	[●]
(xxiv) Exchange(s):	The relevant Exchange [s] [is/are] [●].
(xxv) Market Disruption Event(s):	[The following Market Disruption Events apply to the Notes: [Price Source Disruption] [Trading Disruption: *specify any additional futures/options contract commodity*] [Disappearance of Commodity Reference Price] [Material Change in Formula] [Material Change in Content] [Tax Disruption]] *(N.B. Only applicable to Commodities)* [Condition 6 applies] (*NB: if Condition* 6 *applies, the Market Disruption Events specified in that Condition will apply*) [*Specify other*]
(xxvi) Disruption Fallback(s):	[The following Disruption Fallbacks apply to the Notes (in the following order): [Fallback Reference Dealers: *specify alternate Commodity Reference Price*] [Fallback Reference Price] [Cancellation] [Postponement] [Calculation Agent Determination] [Delayed Publication and Announcement] [*specify other*]] [Condition 6 applies] (*NB: if Condition* 6 *applies, the Disruption Fallbacks specified in that Condition will apply*)

(xxvii) Maximum Days of Disruption: [●]

(*If no Maximum Days of Disruption are stated, Maximum Days of Disruption will be equal to five*)

(xxviii) Strike Price: [●]

(xxix) Correction of Commodity Prices: Correction of Commodity Prices [applies/does not apply and the Relevant Price shall be calculated without regard to any subsequently published correction].

(xxx) Correction Cut-Off Date: [●] Business Days prior to each Interest Payment Date/Not Applicable.

(xxxi) Trade Date: [●]

(xxxii) Other terms or special conditions: [●] *(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)*

(xxxiii) Evolution of Basket of Commodities: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

– $CommodityBasket_{initial}$: [●]

(Insert the initial Commodity Basket price)

(xxxiv) Asian Option – Basket of Underlying Commodities: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

– $CommodityBasket_{initial}$: [●]

(Insert the initial CommodityBasket price)

– n: [●]

– $CommodityBasket_t$: As determined in accordance with the following elections:

– $CommodityBasket_t$ Pricing Dates:

$CommodityBasket_{t1}$	[●]
$CommodityBasket_{t2}$	[●]
$CommodityBasket_{t3}$	[●]
$CommodityBasket_{tn}$	[●]

(Insert the different Pricing Dates for the purpose of determining each Commodity Basket$_t$)

(xxxv) Digital Option: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph. If applicable, insert the relevant variables within

	the corresponding paragraph below)
– Digital Option Type:	Basket of Underlying Commodities
– Digital Option Payment Condition:	[Greater Than] [Equal To] [Less Than] [Greater Than Or Equal To] [Less Than Or Equal To]
– Digital Option Variable:	Basket of Underlying Commodities
– Digital Option Strike:	[●] *(Insert relevant price)*
– Digital Option Exercised Rate:	[[●] per cent. per annum] [As determined in accordance with the Conditions]
– Digital Option Payment Determination Method:	[Not Applicable] [ISDA Determination] [Screen Rate Determination] [Collar – ISDA Rate] [Collar – Screen Rate] [Other]*(other determination method only if a Prospectus is not required for the purposes of the Prospectus Directive)*
– Digital Option Fallback Rate:	[Zero] [[●] per cent. per annum] [Screen Rate Determination] [ISDA Determination] [Collar – ISDA Rate] [Collar – Screen Rate] *(If ISDA Determination applies as Digital Option Payment Method or Digital Option Fallback Rate, or if Collar - ISDA Rate applies as Digital Option Payment Determination Method or Digital Option Fallback Rate, insert relevant information below)*
– Floating Rate Option:	[●] *(Insert relevant LIBOR, EURIBOR or CMS rate)*
– Designated Maturity:	[●]
– Reset Date:	[First day of the relevant Interest Period] [●]] [Screen Rate Determination] *(If Screen Rate Determination applies, insert relevant information for determining Digital Option Variable)*
– Reference Rate:	[●] *(Insert relevant LIBOR, EURIBOR or CMS rate)*

	– Interest Determination Date(s):	[●] *(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt prior to the start of each Interest Period if CMS)*
	– Relevant Screen Page:	[●] [Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*) *(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)* *(If Collar - ISDA Rate or Collar - Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate or Digital Option Fallback Rate)*
	– Cap Rate:	[●]
	– Floor Rate:	[●]
	– Collar Margin:	[+/-] [●] per cent. per annum
22	Currency Linked Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[*Give name and address*]
(ii)	Interest Variable Option:	Digital Option
(iii)	Fixed Rate:	[Applicable][Not Applicable] (*NB: if Fixed Rate applicable, Digital Option interest only payable at maturity pursuant to Condition 12(a)*) (*If Fixed Rate not applicable, delete the remaining subparagraphs of this paragraph*)
	– Rate[s] of Interest:	[[●] per cent. per annum/ [●] per cent. per annum for first [●] interest periods, followed by [●] per cent. per annum for remaining interest periods.] [payable [annually/semi-annually/quarterly/monthly] in arrear] (*if payable other than annually, consider amending Condition 3*).
	– Interest Period End Date(s):	[●] in each year, starting on [●], up to and including the [●]

		(*NB: This will need to be amended in the case of long or short coupons*)
	– Business Day Convention for Interest Period End Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
	– Interest Payment Date(s):	[[●] in each year, starting on [●], up to and including the Maturity Date]/[Interest Payment Dates will correspond to Interest Period End Dates]
	– Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
	– Additional Business Centres:	[●] (*please specify other financial centres required for the Business Day definition)*
	– Fixed Coupon Amount[s] per Calculation Amount: (*Applicable to Notes in definitive form*.)	[●]
	– Broken Amount[s] per Calculation Amount: (*Applicable to Notes in definitive form.*)	[[●], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	– Day Count Fraction:	(*Specify one of the options listed below*) [Actual/Actual (ICMA) [Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] (*see Condition 3 for alternatives*)
(iv)	Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*
(v)	Digital Option:	
	– Digital Option Type:	Currency
	– Digital Option Payment Condition:	[Greater Than] [Equal To] [Less Than] [Greater Than Or Equal To]

	[Less Than Or Equal To]
– Digital Option Variable:	Currency
– Digital Option Strike:	[●] *(Insert relevant exchange rate)*
– Digital Option Exercised Rate:	[[●] per cent. per annum]
– Digital Option Fallback Rate:	Zero
– Valuation Date:	[●]
(vi) Interest Period End Dates:	[●] *(if Fixed Date is specified as being applicable, insert dates for the purpose of defining the "Interest Period" used to determine the Additional Currency Linked Interest Amount only)*
(vii) Business Day Convention for Interest Period End Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(viii) Interest Payment Dates:	[Not Applicable] [[●] in each year, starting on [●], up to and including the Maturity Date]/[Interest Payment Dates will correspond to Interest Period End Dates] (*applicable only if Fixed Rate not applicable*)
(ix) Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(x) Additional Business Day Centre(s):	[●] (*please specify other financial centres required for the Business Day definition*)
(xi) Currency Rate:	[●]
(xii) Currency Page:	[●]
(xiii) Jurisdictional Event:	[Applicable]/[Not Applicable]
– Jurisdictional Event Jurisdiction(s):	[●]/[Not Applicable]
(xiv) Event Currency:	[●]/[Reference Currency]
(xv) Reference Currency:	[●]/[Specified Currency]
(xvi) Valuation Date:	[●]
(xvii) Currency Disruption Events:	[Not applicable] [Benchmark Obligation Default] [Benchmark Obligation description: [●]] *(if Benchmark obligation default applicable)* [Dual Exchange Rate] [General Inconvertibility] [General Non-Transferability]

	[Governmental Authority Default] [Illiquidity] [Minimum Amount: [●]]; [Illiquidity Valuation Date: [●]] *(if Illiquidity applicable)* [Inconvertibility] [Material Change in Circumstances] [Nationalisation] [Price Materiality] [Secondary Rate: [●]][Price Materiality Change [●]]*(if Price Materiality applicable*) [Price Source Disruption] [Specific Inconvertibility] [Minimum Amount:[●]] *(if Specific Inconvertibility applicable*) [Specific Non-Transferability]
(xviii) Additional Currency Disruption Events:	[●]
(xix) Day Count Fraction:	(*Specify one of the options listed below*) [[Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] (*see Condition 3 for alternatives*)
(xx) Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*
(xxi) Any other formula for calculating interest rate including back up provisions:	[*Give or annex details*] (*only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*)
(xxii) Other terms or special conditions:	[●]*(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)*

23	Inflation Linked Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Whether the Notes relate to a basket of inflation indices or a single inflation index and the identity of the relevant Index/Indices:	[*Give or annex details*]
(ii)	Formula for calculating interest rate including back up provisions:	[*Give or annex details*]
(iii)	Interest Variable Option:	[Not Applicable] [Evolution of Index] [Asian Option – Index] [Digital Option] *(Depending on the applicable Interest Variable Option selected, insert the relevant variables within the corresponding paragraph below)*
(iv)	Whether the Notes relate to a basket of inflation indices or a single inflation index and the identity of the relevant Index/Indices:	[*Give or annex details*]
(v)	Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) and for making calculations pursuant to Condition 10:	[*Give name and address*]
(vi)	Interest Period End Dates:	[●]
(vii)	Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(viii)	Interest Payment Dates:	[[●] in each year, starting on [●], up to and including the Maturity Date]/[Interest Payment Dates will correspond to Interest Period End Dates]
(ix)	Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
(x)	Additional Business Day Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
(xi)	Margin:	[+/-] [●] per cent. per annum
(xii)	Minimum Rate of Interest:	[●]

(xiii) Maximum Rate of Interest:	[●]
(xiv) Day Count Fraction:	(*Specify one of the options listed below*) [[Actual/Actual] or [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] or [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] 30E/360 (ISDA) 1/1 Other] (*see Condition 3 for alternatives*)
(xv) Other Day Count Fraction:	*(If "Other" Day Count Fraction applies, insert definition of such other Day Count Fraction)*
(xvi) Relevant Determination Date(s):	[*Specify/*Five Business Days prior to [each/the Relevant Payment Date]] (*If no Relevant Determination Date is specified, the Relevant Determination Date will be five Business Days prior to the Relevant Payment Date*)
(xvii) Related Bond(s):	[Applicable/Not Applicable] [*Specify for an Index*/Fall Back Bond]
(xviii) Issuer(s) of Related Bond(s):	[●]/[Not Applicable]
(xix) Fallback Bond(s):	[Applicable/Not Applicable] [*Specify for an Index*/The bond determined as provided in Condition 10]
(xx) Period of Cessation of Publication:	[2 consecutive months/*specify*] (*If no Period of Cessation of Publication is specified, the period will be two consecutive months*)
(xxi) Trade Date:	[●]
(xxii) Other terms or special conditions:	[●] *(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)*
(xxiii) Evolution of Index:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
– $Index_{initial}$:	[●] *(Insert the initial Index level)*

(xxiv) Asian Option – Index: [Applicable/Not Applicable]

– $Index_{initial}$: [●]

(Insert the initial Index price)

– n: [●]

– $Index_t$: As determined in accordance with the following elections:

$Index_{t1}$	[●]
$Index_{t2}$	[●]
$Index_{t3}$	[●]
$Index_{tn}$	[●]

(*Insert the different Valuation Dates for the purpose of determining each* $Index_t$)

(xix) Digital Option: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph. If applicable, insert the relevant variables within the corresponding paragraph below)

– Digital Option Type: Index

– Digital Option Payment Condition: [Greater Than]
[Equal To]
[Less Than]
[Greater Than Or Equal To]
[Less Than Or Equal To]

– Digital Option Variable: Index

– Digital Option Strike: [●]

(Insert relevant level)

– Digital Option Exercised Rate: [[●] per cent. per annum]
[As determined in accordance with the Conditions]

– Digital Option Payment Determination Method: [Not Applicable]
[ISDA Determination]
[Screen Rate Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]
[Other]*(other determination method only if a Prospectus is not required for the purposes of the Prospectus Directive)*

– Digital Option Fallback Rate: [Zero]
[[●] per cent. per annum]
[Screen Rate Determination]
[ISDA Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]

(If ISDA Determination applies as Digital Option Payment Method or Digital Option Fallback Rate, or if Collar - ISDA Rate applies as Digital Option Payment Determination Method or Digital Option Fallback Rate, insert relevant information below)

– Floating Rate Option: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Designated Maturity: [●]

– Reset Date: [First day of the relevant Interest Period] [●]]

[Screen Rate Determination] *(If Screen Rate Determination applies, insert relevant information for determining Digital Option Variable)*

– Reference Rate: [●]

(Insert relevant LIBOR, EURIBOR or CMS rate)

– Interest Determination Date(s): [●]

(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR); first day of each Interest Period if Sterling LIBOR; second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR; and the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt prior to the start of each Interest Period if CMS)

– Relevant Screen Page: [●]

[Reuters Page <ISDAFIX2>, under the heading "EURIBOR Basis-EUR"](*if CMS*)

(in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate)

(If Collar - ISDA Rate or Collar - Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate or Digital Option Fallback Rate)

– Cap Rate: [●]

– Floor Rate: [●]

– Collar Margin: [+/-] [●] per cent. per annum

24 Additional Disruption Events: [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

[Change in Law]

[Hedging Disruption]

[Increased Cost of Hedging]

[Insolvency Filing]

(NB: Insolvency Filing only applicable in the case of Equity Linked Notes)

[Loss of Stock Borrow] (*NB: applicable only for Equity Linked Notes and Index Linked Notes*)

[The Maximum Stock Loan Rate in respect of [*specify in relation to each Underlying Equity/security*] is [●].

(*NB: Only applicable if Loss of Stock Borrow is applicable*)

[Increased Cost of Stock Borrow] (*NB: applicable only for Equity Linked Notes and Index Linked Notes*)

[The Initial Stock Loan rate in respect of [*specify in relation to each Underlying Equity/security*] is [●].

(NB: Only applicable if Increased Cost of Stock Borrow is applicable)

PROVISIONS RELATING TO REDEMPTION

25	Issuer Call	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[●]
	(ii) Business Day Convention for Optional Redemption Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
	(iii) Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
	(iv) Optional Redemption Amount and method, if any, of calculation of such amount:	[●] per Calculation Amount
	(v) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●]
	(b) Maximum Redemption Amount:	[●]
	(vi) Notice period (if other than as set out in the Conditions):	[●]
26	Investor Put	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[●]

	(ii) Business Day Convention for Optional Redemption Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/Not Applicable]
	(iii) Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
	(iv) Optional Redemption Amount and method, if any, of calculation of such amount:	[●] per Calculation Amount
	(v) Notice period (if other than as set out in the Conditions):	[●] (*N. B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
27	Final Redemption Amount:	[Redemption at par] [Redemption at Specified Redemption Amount] [In accordance with Conditions] (*applicable for Index Linked Redemption Notes, Equity Linked Redemption Notes, Commodity Linked Redemption Notes, Inflation Linked Redemption Notes, Credit Linked Notes only*) [Other]*(only applicable if a Prospectus is not required for the purposes of the Prospectus Directive)* (***N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be Derivative Securities* for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.***)
28	Specified Redemption Amount:	[[●] per Calculation Amount]
29	Early Redemption Amount:	
	Early Redemption Amount payable on redemption for taxation reasons or on an illegality, or following an Additional Disruption Event (if applicable), or, in the case of Commodity Linked Notes, if the circumstances set out in Condition 6(c)(iii) have arisen or, in the case of Index Linked Notes, following an Index Adjustment Event in accordance with Condition 7(b)(ii)(b) or, in the case of Equity Linked Notes, following a De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer in	Condition 5(e) applies

	accordance with Condition 8.A.(b)(ii)(b) or, in the case of Fund Linked Notes, following a Fund Potential Adjustment Event and/or Fund Extraordinary Event in accordance with Conditions 8.B.(b) and (c) or, in the case of Inflation Linked Notes, following an Inflation Index Cancellation pursuant to a Cessation of Publication in accordance with Condition 10 or, the case of Currency Linked Notes, following a Currency Disruption Event in accordance with Condition 12 (b) (ii), or in the case of Credit Linked Notes, following a Merger Event:	
		[*N.B. This section does not apply to any Notes with an automatic redemption feature. Any automatic redemption feature should be set out in the relevant "Redemption Amount" paragraph of the applicable Final Terms or in an Annex thereto.*]
30	Inflation Linked Redemption Notes:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Where the Notes relate to a basket of inflation indices or a single inflation index and the identity of the relevant Index/Indices:	[●]
	(ii) Calculation Agent responsible for making calculations:	[Give name and address]
	(iii) Inflation Linked Redemption Type:	[Call Performance]/[Put Performance]
	(iv) Payment Dates:	[Maturity Date/s*pecify*]
	(v) Relevant Determination Date:	[*Specify*/Five Business Days prior to [each/the] Relevant Payment Date] *(If no (viii) Relevant Determination Date is specified, the Relevant Determination Date will be five Business Days prior to any Relevant Payment Date)*
	(vi) Related Bond(s):	[Applicable/Not Applicable] [*Specify for an Index*/Fall Back Bond]
	(vii) Issuer(s) of Related Bond(s):	[●]/[Not Applicable]
	(viii) Fallback Bond(s):	[Applicable/Not Applicable] [*Specify for an Index*/The bond determined as provided in Condition 10]

(ix)	Period of Cessation of Publication:	[2 consecutive months/*specify*] (*If no Period of Cessation of Publication is specified, the period will be two consecutive months*)
(x)	Trade Date:	[*Specify*]
(xi)	Other terms and special conditions:	[●]*(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)*
31	Index Linked Redemption Notes:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Whether the Notes relate to a basket of indices or a single index the identity of the relevant Index/Indices and details of the relevant sponsors:	[Basket of Indices/Single Index] [(*Give or annex details*)] [The Index is a Designated Multi-Exchange Index] (*N.B. Designated Multi-Exchange Index only applies in relation to the Euro Stoxx Index unless otherwise specifically agreed*)
(ii)	Calculation Agent responsible for making calculations pursuant to Condition 7:	[*Give name and address*]
(iii)	Index Linked Redemption Type:	[Call Performance]/[Put Performance]
(iv)	Exchange(s):	[●]
(v)	Related Exchange(s):	[All Exchanges]
(vi)	Valuation Date:	[●]
(vii)	Valuation Time:	[Condition 7(c) applies/*other*]
(viii)	Strike Price:	[●]
(ix)	Multiplier for each Index comprising the basket:	[*Insert details*/Not Applicable]
(x)	Correction of Index Levels:	Correction of Index Levels [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].
(xi)	Correction Cut-Off Date:	[●] Business Days prior to the Maturity Date/Not Applicable.
(xii)	Trade Date:	[●]
(xiii)	Other terms or special conditions:	[●]*(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and*

		consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)
32	Equity Linked Redemption Notes:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Whether the Notes relate to a basket of equity securities or a single equity security, and the identity of the relevant Equity Issuer(s):	[Basket of Underlying Equities/Single Underlying Equity] [(*Give or annex details of the relevant Underlying Equities/Underlying Equity, as applicable*)]
	(ii) Calculation Agent responsible for making calculations pursuant to Condition 8.A.:	[*Give name and address*]
	(iii) Equity Linked Redemption Type:	[Call Performance]/[Put Performance]
	(iv) Exchange:	[●]
	(v) Related Exchange(s):	[All Exchanges]
	(vi) Potential Adjustment Events:	[Applicable/Not Applicable]
	(vii) De-listing, Merger Event, Nationalisation and Insolvency:	[Applicable/Not Applicable]
	(viii) Tender Offer:	[Applicable/Not Applicable]
	(ix) Reference Price:	[●]
	(x) Valuation Date:	[●]
	(xi) Valuation Time:	[Condition 8.A.(e) applies/*other*]
	(xii) Strike Price:	[●]
	(xiii) Exchange Rate:	[Applicable/Not Applicable] [*Insert details*]
	(xiv) Multiplier for each Underlying Equity comprising the basket (which is subject to adjustment as set out in Condition 8.A.(b)):	[*Insert details*/Not Applicable]
	(xv) Correction of Share Prices:	Correction of Share Prices [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].
	(xvi) Correction Cut-Off Date:	[●] Business Days prior to the Maturity Date/Not Applicable.
	(xvii) Trade Date:	[●]
	(xviii) Relevant Assets:	[●]
	(xix) Cut-Off Date:	[[●] calendar days after the Valuation Date/*other*]] [***N.B. in any event BEFORE the Maturity Date***]

	(xx) Other terms or special conditions:	[●]*(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)*
33	Additional Disruption Events:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Insolvency Filing] (*NB: Insolvency Filing only applicable in the case of Equity Linked Redemption Notes*) [Loss of Stock Borrow] (*NB: applicable only for Equity Linked Notes and Index Linked Notes*) [The Maximum Stock Loan Rate in respect of [specify in relation to each *Underlying Equity/security*] is [●]]. (*NB: Only applicable if Loss of Stock Borrow is applicable*) [Increased Cost of Stock Borrow] (*NB: applicable only for Equity Linked Notes and Index Linked Notes*) [The Initial Stock Loan rate in respect of [specify in relation to each *Underlying Equity/security*] is [●]]. (*NB: Only applicable if Increased Cost of Stock Borrow is applicable*)
34	Credit Linked Notes:	[Applicable/Not Applicable] *(only applicable if a Prospectus is not required for the purposes of the Prospectus Directive)* *(N.B. If the Credit Linked Notes are interest-bearing, then the applicable interest provisions in these Final Terms will need to be completed.)*
	[*NB: Consider whether definitions included in Conditions are up to date*]	(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	General	
	(i) Settlement Method:	[Auction Settlement/Cash Settlement] [If Auction Settlement: The provisions of Condition 11(b) shall apply] [If Cash Settlement: The provisions of Condition 11(c) shall apply]
	(ii) Trade Date:	[●]
	(iii) Scheduled Termination Date:	[The day falling [five] Business Days prior to the Scheduled

		Maturity Date/*specify other*]
(iv)	Calculation Agent responsible for making calculations and determinations pursuant to Condition 11:	[*Give name and address*]
(v)	Calculation Agent City:	[●]
(vi)	Credit Provisions:	
(vii)	Reference Entit(y)(ies):	[●]
(viii)	Reference Obligation(s):	[●]
	[The obligation[s] identified as follows:	
	Primary Obligor:	[●]
	Guarantor:	[●]
	Maturity:	[●]
	Coupon:	[●]
	CUSIP/ISIN:	[●]]
(ix)	All Guarantees:	[Applicable/Not Applicable] – Provisions relating to Qualifying Guarantee and Underlying Obligation: Condition 11(q) [Applicable/Not Applicable]
(x)	Credit Events:	[Bankruptcy] [Failure to Pay] [Grace Period Extension (Condition 11(f)) [Applicable/Not Applicable] [If Applicable: Grace Period: [●]] [Obligation Acceleration] [Obligation Default] [Repudiation/Moratorium] [Maturity Date Extension: Condition 11(h): [Applicable/Not Applicable]] [Restructuring] – Provisions relating to Restructuring Credit Event: Condition 11(n) [Applicable/Not Applicable] – Provisions relating to Multiple Holder Obligation: Condition 11(o) [Applicable/Not Applicable] – [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]] – [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not

		Applicable]]
		[*other*]
	Default Requirement:	[●]
	Payment Requirement:	[●]
(xi)	Conditions to Settlement:	Notice of Publicly Available Information [Applicable/Not Applicable]
		[If Applicable:
		Public Source(s): [●]]
		(*If other than in the definition in Condition 11(j)*.) Specified Number: [●]]
		(*If none specified, then it is deemed to be two*.)
(xii)	Obligation(s):	
	Obligation Category [*select one only*]:	[Payment]
		[Borrowed Money]
		[Reference Obligations Only]
		[Bond]
		[Loan]
		[Bond or Loan]
	Obligation Characteristics	[Not Subordinated]
	[*select all of which apply*]:	[Specified Currency:
		[*specify currency*] [Standard Specified Currencies]
		[Not Sovereign Lender]
		[Not Domestic Currency:]
		[Domestic Currency means: [*specify currency*]]
		[Not Domestic Law]
		[Listed]
		[Not Domestic Issuance]
	Additional Obligation(s):	[●]
(xiii)	Excluded Obligation(s):	[●]
(xiv)	Provisions relating to Monoline Insurer to Reference Entity:	Condition 11(p) [Applicable/Not Applicable]
(xv)	Accrual of Interest upon Credit Event:	[Applicable/Not Applicable]
(xvi)	Merger Event:	Condition 11(i): [Applicable/Not Applicable]
	If Applicable: Merger Event Redemption Date:	[●]
(xvii)	Unwind Costs:	[Standard Unwind Costs/other/Not Applicable]
Terms relating to Cash Settlement		

	(xviii) Credit Event Redemption Amount:	[*Express per Calculation Amount*/The definition in Condition 11(m) shall apply]
	(xix) Credit Event Redemption Date:	[●] Business Days/[●]
	(xx) Valuation Date:	[Single Valuation Date: [●] Business Days] [Multiple Valuation Dates: [●] Business Days; and each [●] Business Days thereafter. Number of Valuation Dates: [●]]
	(xxi) Valuation Time:	[●]
	(xxii) Quotation Method:	[Bid/Offer/Mid-market]
	(xxiii) Quotation Amount:	[[●]/Representative Amount]
	(xxiv) Minimum Quotation Amount:	[●]]
	(xxv) Quotation Dealers:	[●]
	(xxvi) Quotation:	[Include Accrued Interest/Exclude Accrued Interest]
	(xxvii) Valuation Method:	[Market/Highest] [Average Market/Highest/Average Highest] [Blended Market/Blended Highest] [Average Blended Market/Average Blended Highest]
	(xxviii) other terms or special condition	[●]
	Additional terms relating to Auction Settlement:	
	(xxix) Fallback Settlement Method:	Cash Settlement]
	(xxx) Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
	(xxxi) Business Day Convention for purposes of Condition 10:	[Following/Modified Following/Preceding]
	(xxxii) Succession Event Backstop Date subject to adjustment in accordance with Business Day Convention:	[Yes/No]
	(xxxiii) Limitation Dates subject to adjustment in accordance with Business Day Convention:	[Yes/No]
35	Commodity Linked Redemption Notes:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Relevant Commodity, Commodity	[●] [which is a Bullion Commodity]

	Index, Commodities or Commodity Indices:	
(ii)	Calculation Agent responsible for making calculations:	[*Give name and address*]
(iii)	Commodity Linked Redemption Type:	[Call Performance]/[Put Performance]
(iv)	Pricing Date(s):	[●]
(v)	Commodity Business Day Convention:	[Following/Modified Following/Nearest/Preceding]
(vi)	Common Pricing:	[Applicable/Not Applicable] (*N.B. Only applicable in relation to Notes linked to a basket of Commodities*)
(vii)	Commodity Business Day:	[*Specify*/The definition in Condition 6 applies]
(viii)	Commodity Reference Price and any other provisions relating to the Relevant Price:	[●]
(ix)	Specified Price:	[high price] [low price] [average of high and low prices] [closing price] [opening price] [bid price] [asked price] [average of bid and asked prices] [settlement price] [official settlement price] [official price] [morning fixing] [afternoon fixing] [spot price] [other] [*insert time, if applicable*]
(x)	Delivery Date:	[*date*] [*month and year*][[First/Second/Third/other] Nearby Month] [*specify method*]
(xi)	Unit:	[●]
(xii)	Price Source:	[●]
(xiii)	Exchange(s):	The relevant Exchange [s] [is/are] [●].
(xiv)	Market Disruption Event(s):	[The following Market Disruption Events apply to the Notes: [Price Source Disruption] [Trading Disruption: *specify any additional futures/options contract commodity*] [Disappearance of Commodity Reference Price] [Material Change in Formula] [Material Change in Content] [Tax Disruption]] *(N.B. Only applicable to Commodities)* [Condition 6 applies] (*NB: if Condition* 6 *applies, the Market Disruption Events specified in that Condition will apply*) [*Specify other*]
(xv)	Disruption Fallback(s):	[The following Disruption Fallbacks apply to the Notes (in the following order):

	[Fallback Reference Dealers: *specify alternate Commodity Reference Price*]
	[Fallback Reference Price]
	[Cancellation]
	[Postponement]
	[Calculation Agent Determination]
	[Delayed Publication and Announcement]
	[*specify other*]] [Condition 6 applies]
	(*NB: if Condition* 6 *applies, the Disruption Fallbacks specified in that Condition will apply*)
(xvi) Maximum Days of Disruption:	[●]
	(*If no Maximum Days of Disruption are stated, Maximum Days of Disruption will be equal to five*)
(xvii) Strike Price:	[●]
(xviii) Correction of Commodity Prices:	Correction of Commodity Prices [applies/does not apply and the Relevant Price shall be calculated without regard to any subsequently published correction].
(xix) Correction Cut-Off Date:	[●] Business Days prior to the Maturity Date/Not Applicable.
(xx) Trade Date:	[●]
(xxi) Other terms and special conditions:	[●]*(If any other terms or special conditions are applicable, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and article 13 of the Luxembourg Act dated 10th July 2005 relating to prospectuses for securities)*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

36	Form of Notes:	
	(i) Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes only upon an Exchange Event]] Notes shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14th December, 2005.
	(ii) New Global Note:	[Yes] [No]
37	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[Not Applicable/*give details*] (*Note that this item relates to the place of payment and not "Business Days" for the purposes of the Maturity Date, Interest Payment Dates and Optional Redemption Dates - please insert any additional financial centres required for the definition of Payment Day which applies to payments to be made to Noteholders and separate*

		from the definition of "Additional Business Centre" and "Business Day")
38	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No (*If yes, give details*)]
39	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*] (*NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*)
40	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
41	Consolidation provisions:	[Not Applicable/The provisions annexed to these Final Terms apply]

DISTRIBUTION

42	(i) If syndicated, names of Managers:	[Not Applicable/*give names* (*If the Notes are Derivative Securities, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the managers.*)
	(ii) Date of Subscription Agreement:	[●] (*The above is only relevant if the Notes are Derivative Securities*).
	(iii) Stabilising Manager (if any):	[Not Applicable/*give name*]
43	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
44	U.S. Selling Restrictions:	Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
45	Additional selling restrictions:	[Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and admission to trading on [*specify relevant regulated market (for example Regulated Market of the Luxembourg Stock Exchange)*]] of the Notes described herein pursuant to the €25,000,000,000 Wholesale Euro Medium Term Note Programme of KBC Internationale Financieringsmaatschappij N.V. (KBC IFIMA N.V.).]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [[●] (the "Reference Information") has been extracted from [www.standardandpoors.com, www.moodys.com and www.fitchratings.com (the "Relevant Websites")]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [each of the Relevant Websites], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: _____

Duly authorised

Signed on behalf of the Guarantor:

By: _____

Duly authorised

PART B - OTHER INFORMATION

1 **LISTING AND ADMISSION TO TRADING:**

(i)	Listing and Admission to trading:	[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Regulated Market of the Luxembourg Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the Luxembourg Stock Exchange)*] with effect from on or around [●].][Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant unregulated market (for example the Euro MTF) and, if relevant, listing on an official list (for example, the Official List of the Luxembourg Stock Exchange)*] with effect from on or around [●].] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2 **RATINGS [1]:** The Notes to be issued have not been rated. The rating of the Guarantor is:

[Standard & Poor's Credit Market Services Italy Srl.: [●]]

[Moody's France S.A.S.: [●]]

[Fitch France S.A.S.: [●]]

[[Other]: [●]]

[*Need to include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.]

[The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert credit rating agency name(s)*].]

[[*Insert credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[*Insert credit rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 and listed on the "List of Registered and Certified CRA's" as published by ESMA in accordance with Article 18(3) of such Regulation.]

[[*Insert credit rating agency*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009.]

[1] A list of credit rating agencies registered under Regulation (EC) No. 1060/2009 and listed on the "List of Registered and Certified CRA's" is published on the ESMA website (http://esma.europa.eu/page/List-registered-and-certified-CRAs).

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [*insert the name of the relevant EU CRA affiliate that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert credit rating agency*].]

[[*Insert credit rating agency]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [*insert the name of the relevant EU-registered credit rating agency*] in accordance with Regulation (EC) No. 1060/2009. [*Insert the name of the relevant EU-registered credit rating agency*] is established in the European Union and registered under Regulation (EC) No. 1060/2009 and listed on the "List of Registered and Certified CRA's" as published by ESMA in accordance with Article 18(3) of such Regulation.]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

3 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:**

[Save for any fees payable to the [Dealers/Managers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

4 **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:**

(i) [Reasons for the offer: [●]]

(*See "Use of Proceeds" wording in Base Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.*)

(ii) [Estimated net proceeds: [●]]

(*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)

(iii) [Estimated total expenses: [●] [*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".*]

(*N. B.: Delete unless are Derivative Securities*[2] *to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.*)

5 **YIELD:** (*Fixed Rate Notes only*)

Indication of yield: [●]

[Calculated as [*include details of method of calculation in summary form*] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price, the Final Redemption Amount and the fixed rate of interest. It is not an indication of future yield.

6 **HISTORIC INTEREST RATES:** (*Floating Rate Notes only*)

Details of historic and projected performance of [LIBOR/EURIBOR/CMS] rates can be obtained from [Reuters].

7 **PERFORMANCE OF [INDEX/BASKET OF INDICES] AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES]:** (*Index-Linked Notes only*)

The details of past and future performance and volatility of the index/formula can be obtained on [*insert relevant Bloomberg page*].

[*Need to include the name of [the/each] Index and a description if composed by the Issuer and if [the/each] Index is not composed by the Issuer need to include details of where the information about [the/each] Index can be obtained.*]

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

8 **PERFORMANCE OF [THE UNDERLYING EQUITY/BASKET OF UNDERLYING EQUITIES] AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE UNDERLYING EQUITY/BASKET OF UNDERLYING EQUITIES]]** (*Equity Linked Notes only*)

The details of past and future performance and volatility of the Underlying Equity/basket of Underlying Equities can be obtained on [*insert relevant Bloomberg page*].

[*Need to include the name of [the/each] issuer of the [underlying equity/underlying equities] and the ISIN or other identification code*]

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the*

[2] "Derivative Securities" are Notes (i) where the Final Redemption Amount of such Notes is other than 100 per cent. of the nominal value of the Notes and (ii) to which the requirements of Annex XII to the Prospectus Directive Regulation will apply.

Base Prospectus under Article 16 of the Prospectus Directive.)]

9 **PERFORMANCE OF [THE UNDERLYING FUND INTEREST/BASKET OF FUND INTERESTS] AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE UNDERLYING FUND INTEREST/BASKET OF FUND INTERESTS]]** (*Fund Linked Notes only*)

The details of past and future performance and volatility of the underlying fund interest/basket of fund interests can be obtained from [*insert relevant source*].

[*Need to include the name of [the/each] [underlying fund/fund interests in the basket]*]

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*]

[*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*]

10 **PERFORMANCE OF [RATE[S] OF EXCHANGE/FORMULA/CURRENCIES/INFLATION INDEX OR INDICES] AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE[S] OF EXCHANGE/FORMULA/CURRENCIES/INFLATION INDEX OR INDICES]]** (*Currency Linked Note, Inflation Linked Notes or Notes linked to any other underlying only*)

The details of past and future performance and volatility of the relevant rates/formula/currencies/inflation index or indices can be obtained on [*insert relevant Bloomberg page*].

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

11 **PERFORMANCE OF [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDICES] AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDICES]]** (*Commodity Linked Notes only*)

The details of past and future performance and volatility of the relevant commodity/basket of commodities/commodity indices can be obtained on [*insert relevant Bloomberg page*].

[*Need to include [the/each] commodity identification code (if any)*]

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

12 **INFORMATION IN RELATION TO THE REFERENCE ENTITY AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE REFERENCE ENTITY]** (*Credit Linked Notes only*)

The details of past and future performance and volatility of the Reference Entity can be obtained on [*insert relevant Bloomberg page*].

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the*

Prospectus Directive Regulation.]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

13 **OPERATIONAL INFORMATION:**

(i)	ISIN Code:	[●]
(ii)	Common Code:	[●]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(iv)	Delivery:	Delivery against payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[●] (*Insert here any other relevant codes such as CUSIP and CINS codes*)
(vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No] [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 does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if yes" selected in which case the Notes must be issued in NGN form*]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the rules of the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but if not so permitted and agreed, such definitive Note will have endorsed upon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Temporary Global Note, Permanent Global Note and definitive Note. Reference should be made to "Form of Final Terms" above for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions and/or will specify which of such terms are to apply in relation to the relevant Notes.

The Notes are one of a Series (as defined below) of Notes issued by KBC International Financieringsmaatschappij N.V. (the "Issuer") pursuant to the Agency Agreement (as defined below).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a Global Note, (a "Global Note") units of each Specified Denomination in the Specified Currency, (ii) any definitive Notes issued in exchange for a Global Note and (iii) any Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) are issued pursuant to and have the benefit of an Agency Agreement (the "Agency Agreement") dated 27 June 2012 as amended and/or supplemented and/or restated from time to time in relation to the Issuer's €25,000,000,000 Retail Euro Medium Term Note Programme, and made among the Issuer, KBC Bank NV (the "Guarantor") as guarantor, KBL European Private Bankers S.A. as issuing and principal paying agent (the "Agent", which expression shall include any successor agent specified in the applicable Final Terms), and the other paying agents named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons ("Coupons") and, if indicated in the applicable Final Terms, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for a Series of Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms and are attached hereto or endorsed hereon and supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "applicable Final Terms" are to the Final Terms (or the relevant provisions thereof) attached hereto or endorsed hereon.

The payment and, where applicable, delivery of all amounts in respect of this Note has been guaranteed by the Guarantor pursuant to a deed of guarantee dated 27 June 2012 as amended and/or supplemented and/or restated from time to time (the "Guarantee") executed by the Guarantor. The original of the Guarantee is held by the Agent on behalf of the Noteholders, the Couponholders and the Receiptholders at its specified office.

The Notes are issued on an unsubordinated basis by the Issuer and guaranteed on an unsubordinated basis (such guarantee the "Guarantee") by the Guarantor as described in Condition 2 (a "Guaranteed Note"). Any reference to "Noteholders" or "holders" in relation to any Notes shall mean the holders of the Notes, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts and any reference herein to "Couponholders" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant executed by the Issuer (the "Deed of Covenant") dated 27 June 2012 as amended and/or supplemented and/or restated from time to time. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Guarantee and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at, and copies may be obtained from, the specified office of each of the Paying Agents, save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a Noteholder holding one or more Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to its holding of such Notes and identity. Copies of the applicable Final Terms relating to Notes which are admitted to trading on a regulated market in the European Economic Area and/or offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive are also available for viewing on the website of the Luxembourg Stock Exchange, www.bourse.lu. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1 Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Range Accrual Note, a Zero Coupon Note, an Equity Linked Interest Note, a Fund Linked Interest Note, an Index Linked Interest Note, a Commodity Linked Interest Note, a Currency Linked Interest Note, an Inflation Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. This Note will be redeemed at par, at a Specified Redemption Amount or in accordance with the applicable Conditions below, depending upon the Final Redemption Amount specified in the applicable Final Terms. This Note may be an Index Linked

Redemption Note, an Equity Linked Redemption Note, a Credit Linked Note (*only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*), a Commodity Linked Redemption Note, an Inflation Linked Redemption Note, a Partly Paid Note or an Instalment Note or a combination of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms. Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer, the Guarantor and, the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof, whether or not overdue and notwithstanding any notice of ownership or writing thereon at notice of any previous loss or theft thereof, for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("Euroclear") and/or Clearstream, Banking société anonyme ("Clearstream, Luxembourg"), each person (other than Euroclear or Clearstream, Luxembourg), who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2 Status of the Notes and the Guarantee

(i) The Notes and the relative Receipts and Coupons constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer and *pari passu* without any preference among themselves except for obligations given priority by law.

(ii) The Notes are guaranteed as to payment of principal and interest by the Guarantor upon the terms contained in the Guarantee (such terms being referred to herein as the "Guarantee").

(iii) Claims in respect of the Guarantee constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank and will rank *pari passu* with all present and future unsecured and unsubordinated obligations of the Guarantor (including those arising under deposits received in its banking business), without any preference among themselves and *pari passu* without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

3 Interest

If the Notes are specified in the applicable Final Terms as Commodity Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 6. If the Notes are specified in the applicable Final Terms as Index Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 7. If the Notes are specified in the applicable Final Terms as Equity Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 8.A. If the Notes are specified in the applicable Final Terms as Fund Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 8.B. If the Notes are specified in the applicable Final Terms as Inflation Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 7 and Condition 10. If the Notes are specified in the applicable Final Terms as Credit Linked Notes, then the provisions of this Condition 3 are subject to Condition 11 (*only applicable if a Prospectus is not required for the purposes of the Prospectus Directive*). If the Notes are specified in the applicable Final Terms as Currency Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 12.

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will accrue in respect of each Interest Period (as defined in Condition 3(f)) and will be payable in arrear on the Interest Payment Date(s). For the avoidance of doubt, this Condition 3(a) shall not apply to Currency Linked Notes. Where Fixed Interest is applicable to Currency Linked Notes, the provisions of Conditions 3(b) and 12(a) shall govern.

If the Notes are in definitive form, the amount of interest payable per Calculation Amount on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified per Calculation Amount.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

For the purposes of these Terms and Conditions:

"Fixed Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

(i) if "Actual/Actual" (ICMA) is specified in the applicable Final Terms:

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

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

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

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

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

(iii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iv) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Period End Date falling in a leap year, 366;

(v) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(vi) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(vii) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(viii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(ix) if "1/1" is specified in the applicable Final Terms, 1; and

(x) if "Other" is specified in the applicable Final Terms, as such term is defined in the applicable Final Terms.

"Determination Period" means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including where either the Interest Commencement Date or if the final Interest Period End Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means, one cent.

(b) Interest on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes (where Fixed Rate does not apply) and Inflation Linked Interest Notes

(i) Interest Period End Dates and Interest Payment Dates

Each Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Note, Fund Linked Interest Note, Commodity Linked Interest Note, Currency Linked Interest Note (where Fixed Rate does not apply) and Inflation Linked Interest Note bears interest at the rate per annum (expressed as a percentage) equal to the Rate of Interest (determined in accordance with Condition 3(b)(ii)), from (and including) the Interest Commencement Date. Interest will accrue in respect of each Interest Period (as defined in Condition 3(f)) and will be payable in arrear on the Interest Payment Date(s). The amount of interest payable shall be calculated in accordance with Condition 3(b)(iv).

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of such Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes and Inflation Linked Interest Notes will be equal to the rate of interest determined in the following manner, depending on the Interest Variable Option specified in the applicable Final Terms (the "Variable Rate of Interest"), but subject always to any minimum and/or maximum limits imposed on such Variable Rate of Interest in accordance with Condition 3(b)(iii).

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of (1) the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any) and (2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Guarantor under an interest rate swap transaction if the Guarantor were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the

Notes, published by the International Swaps and Derivatives Association, Inc. (the "ISDA Definitions") and under which:

(I) the Floating Rate Option is as specified in the applicable Final Terms;

(II) the Designated Maturity is a period specified in the applicable Final Terms; and

(III) the relevant Reset Date is the first day of that Interest Period, unless otherwise specified in the Final Terms.

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

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Guarantor will be deemed to have discharged its obligations under Condition 3(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Variable Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A) and applied the same in accordance with Conditions 3(b)(iii) and 3(b)(iv).

(B) Screen Rate Determination

(1) Where Screen Rate Determination is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will, subject as provided below, be the product of (1) either:

(I) the offered quotation; or

(II) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Guarantor, and (2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

(2) If the Reference Rate is LIBOR or EURIBOR, and

(a) the Relevant Screen Page is not available or if in the case of (I) above, no such offered quotation appears or, in the case of (II) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Guarantor shall request each of the Reference Banks as (defined below) to provide the Guarantor with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question;

(b) on any Interest Determination Date,

(i) two or more of the Reference Banks provide the Guarantor with such offered quotations, the Variable Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered

quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Guarantor, or

(ii) fewer than two of the Reference Banks provide the Guarantor with such offered rates, the Variable Rate of Interest for the relevant Interest Period shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Guarantor it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter bank market, as the case may be, plus or minus (as appropriate) the Margin (if any);

(c) five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Guarantor for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations;

(d) the Variable Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Variable Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

(3) If the Reference Rate is CMS and such Reference Rate does not appear on the Relevant Screen Page at 11:00 am, Frankfurt time, on the relevant Interest Determination Date, then the Reference Rate will be determined on the basis of the mid-market annual swap rate quotations provided by five leading swap dealers in the European inter-bank market at approximately 11:00 a.m. Frankfurt time, on the relevant Interest Determination Date. The Guarantor will select the five swap dealers in its sole discretion and will request each of those dealers to provide a quotation of its rate in accordance with market practise. If at least three quotations are provided, the Reference Rate for that Interest Determination Date will be the arithmetic mean of the quotations, eliminating the highest and lowest quotations or, in the event, of equality, one of the highest and one of the lowest quotations. If fewer than three quotations are provided, the Guarantor will determine the Reference Rate in its sole discretion.

(4) For the purposes of this paragraph 3(b)(ii)(B):

"Agent" means KBL European Private Bankers S.A.

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Guarantor in its sole discretion.

"Specified Time" means 11.00 a.m. (London time) in the case of LIBOR, 11.00 a.m. (Brussels time) in the case of EURIBOR, or 11.00 a.m. (Frankfurt time) in the case of CMS.

(C) Rates Variance

Where Rates Variance is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $[(\text{Rate}_1 - \text{Rate}_2) \pm \text{Margin}]$; and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

For the purpose of sub-paragraph (C)(1), unless otherwise specified in the applicable Final Terms, the value of Rate_1 and/or Rate_2 for each Interest Period will be equal to the Variable Rate of Interest determined in accordance with (I) sub-paragraph (A) above, if ISDA Determination is specified as the Rate_1 Variable Option or Rate_2 Variable Option, respectively, for which purpose the Floating Date Option, Designated Maturity and Reset Date are as set out in the applicable Final Terms or (II) sub-paragraph (B) above, if Screen Rate Determination is specified as the Rate_1 Variable Option or Rate_2 Variable Option, for which purpose the Reference Date, Interest Determination Date and Relevant Screen Page are as set out in the applicable Final Terms.

(D) Evolution of Basket of Underlying Commodities

Where Evolution of Basket of Underlying Commodities is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $\left[\left(\frac{\{\text{CommodityBasket}_t - \text{CommodityBasket}_{t-1}\}}{\text{CommodityBasket}_{t-1}}\right)(\pm \text{Margin})\right]$; and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

For the purpose of sub-paragraph (D)(1), the value of CommodityBasket_t for each Interest Period will be equal to the Reference Price (of a single underlying Commodity or a Commodity Index (as specified in the applicable Final Terms)) determined in accordance with Condition 6 in respect of the Pricing Date relating to such Interest Period, and the value of any $\text{CommodityBasket}_{t-1}$ for each Interest Period will be equal to the Reference Price determined in accordance with Condition 6 in respect of the Pricing Date relating to the immediately preceding Interest Period (or, with respect to the first Interest Period following the Interest Commencement Date, $\text{CommodityBasket}_{\text{initial}}$).

(E) Evolution of Basket of Underlying Equities

Where Evolution of Basket of Underlying Equities is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $\left[\left(\frac{\{\text{EquityBasket}_t - \text{EquityBasket}_{t-1}\}}{\text{EquityBasket}_{t-1}}\right)(\pm \text{Margin})\right]$; and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

For the purpose of sub-paragraph (E)(1), the value of EquityBasket_t for each Interest Period will be equal to the Reference Price determined in accordance with Condition 8.A. in respect of the Valuation Date relating to such Interest Period, and the value of any $\text{EquityBasket}_{t-1}$ for each Interest Period will be equal to the Reference Price determined in accordance with Condition 8.A. in respect of the Valuation Date relating to the immediately preceding Interest Period (or, with respect to the first Interest Period following the Interest Commencement Date, $\text{EquityBasket}_{initial}$). The Basket of Underlying Equities may only contain a single underlying equity, and accordingly Equity $\text{Basket}_{t,}$ and Equity $\text{Basket}_{initial}$ may refer to the Reference Price of a single equity.

(F) Evolution of Basket of Underlying Fund Interests

Where Evolution of Basket of Underlying Fund Interests is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $\left[\left(\frac{\{\text{FundBasket}_t - \text{FundBasket}_{t-1}\}}{\text{FundBasket}_{t-1}}\right)(\pm \text{Margin})\right]$; and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

For the purpose of sub-paragraph (F)(1), the value of FundBasket_t for each Interest Period will be equal to the Reference Price determined in accordance with Condition 8.B in respect of the Valuation Date relating to such Interest Period, and the value of any FundBasket_{t-1} for each Interest Period will be equal to the Reference Price determined in accordance with Condition 8.B in respect of the Valuation Date relating to the immediately preceding Interest Period (or, with respect to the first Interest Period following the Interest Commencement Date, $\text{FundBasket}_{initial}$). The Basket of Underlying Fund Interests may only contain a single Fund Interest, and accordingly $\text{FundBasket}_{t,}$ and $\text{FundBasket}_{initial}$ may refer to the Reference Price of a single Fund Interest.

(G) Evolution of Index

Where Evolution of Index is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $\left[\left(\frac{\{\text{Index}_t - \text{Index}_{t-1}\}}{\text{Index}_{t-1}}\right)(\pm \text{Margin})\right]$; and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

For the purpose of sub-paragraph (G)(1), the value of any $Index_t$ for each Interest Period will be equal to the Reference Price determined in accordance with (i) Condition 7 for Index Linked Notes, and (ii) Condition 10 for Inflation Linked Notes in respect of the Valuation Date relating to such Interest Period, and the value of any $Index_{t-1}$ for each Interest Period will be equal to the Reference Price determined in accordance with (i) Condition 7 for Index Linked Notes, and (ii) Condition 10 for Inflation Linked Notes, in respect of the Valuation Date relating to the immediately preceding Interest Period (or, with respect to the first Interest Period following the Interest Commencement Date, $Index_{initial}$).

(H) Asian Option – Interest Rates

Where Asian Option – Interest Rates is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $\left[\frac{Rate_{t1} + Rate_{t2} + \ldots + Rate_{tn}}{n}\right] \pm Margin$; and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

For the purpose of sub-paragraph (H)(1), unless otherwise specified in the applicable Final Terms, the value of any $Rate_t$ for each Interest Period will be equal to the Variable Rate of Interest determined in accordance with (I) sub-paragraph (A) above, if ISDA Determination is specified as the $Rate_{tn}$ Variable Option, for which purpose the Floating Rate Option, Designated Maturity and Reset Date relating to each $Rate_{tn}$ are as set out in the applicable Final Terms or (II) sub-paragraph (B) above, if Screen Rate Determination is specified as the $Rate_t$ Variable Option, for which purpose the Reference Rate, Interest Determination Date(s) and Relevant Screen Page relating to each $Rate_{tn}$ are as set out in the applicable Final Terms.

"n" shall be as specified in the applicable Final Terms.

(I) Asian Option – Index

Where Asian Option – Index is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $\left\{\frac{\left[\frac{Index_{t1} + Index_{t2} + \ldots + Index_{tn}}{n}\right] - Index_{initial}}{Index_{initial}}\right\} \pm Margin$; and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

For the purpose of sub-paragraph (I)(1), the value of (I) $Index_{initial}$ shall be specified in the applicable Final Terms and (II) any $Index_t$ for each Interest Period will be equal to the Reference Price determined in accordance with (i) Condition 7 for Index Linked Notes, and (ii) Condition 10 for Inflation Linked Notes) in respect of the Valuation Date relating to such $Index_t$.

(J) Asian Option – Basket of Underlying Commodities

Where Asian Option – Basket of Underlying Commodities is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1)

$$\left\{\frac{\left[\frac{CommodityBasket_{t1} + CommodityBasket_{t2} + \ldots + CommodityBasket_{tn}}{n}\right] - CommodityBasket_{initial}}{CommodityBasket_{initial}}\right\} \pm Margin$$

; and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

For the purpose of sub-paragraph (J)(1), the value of (I) $CommodityBasket_{initial}$ shall be specified in the applicable Final Terms and (II) any $CommodityBasket_t$ for each Interest Period will be equal to the Reference Price (of a single underlying Commodity or a Commodity Index (as specified in the applicable Final Terms)) determined in accordance with Condition 6 in respect of the Pricing Date relating to such $CommodityBasket_t$.

(K) Asian Option – Basket of Underlying Equities

Where Asian Option – Basket of Underlying Equities is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $$\left\{\frac{\left[\frac{EquityBasket_{t1} + EquityBasket_{t2} + \ldots + EquityBasket_{tn}}{n}\right] - EquityBasket_{initial}}{EquityBasket_{initial}}\right\} \pm Margin$$;

and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

(L) For the purpose of sub-paragraph (K)(1), the value of (I) $EquityBasket_{initial}$ shall be specified in the applicable Final Terms and (II) any $EquityBasket_t$ for each Interest Period will be equal to the Reference Price determined in accordance with Condition 8.A. in respect of the Valuation Date relating to such $EquityBasket_t$. The Basket of Underlying Equities may only contain a single underlying equity, and accordingly $EquityBasket_t$, and $EquityBasket_{initial}$ may refer to the Reference Price of a single equity. Asian Option – Basket of Underlying Fund Interests

Where Asian Option – Basket of Underlying Fund Interests is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $$\left\{\frac{\left[\frac{FundBasket_{t1} + FundBasket_{t2} + \ldots + FundBasket_{tn}}{n}\right] - FundBasket_{initial}}{FundBasket_{initial}}\right\} \pm Margin$$

;

and

(2) the Interest Multiplier (or, if no Interest Multiplier is specified in the applicable Final Terms, 100 per cent).

(M) For the purpose of sub-paragraph (M)(1), the value of (I) $FundBasket_{initial}$ shall be specified in the applicable Final Terms and (II) any $FundBasket_t$ for each Interest Period will be equal to the Reference Price determined in accordance with Condition 8.B in respect of the Valuation Date relating to such $FundBasket_t$. The Basket of Underlying Fund Interests may only contain a single Fund Interest, and accordingly $FundBasket_t$, and $FundBasket_{initial}$ may refer to the Reference Price of a single Fund Interest.

(N) Digital Option

Where Digital Option is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for each Interest Period will be:

(1) the Digital Option Exercised Rate, if the Digital Option Payment Condition is satisfied; or

(2) the Digital Option Fallback Rate, if the Digital Option Payment Condition is not satisfied,

in each case with respect to the relevant Interest Period.

For the purposes of sub-paragraph (N):

(I) the "Digital Option Payment Condition" shall be satisfied with respect to an Interest Period if:

(a) "Greater Than" is specified in the applicable Final Terms as the Digital Option Payment Condition and the Digital Option Variable is greater than the Digital Option Strike;

(b) "Equal To" is specified in the applicable Final Terms as the Digital Option Payment Condition and the Digital Option Variable is equal to the Digital Option Strike;

(c) "Less Than" is specified in the applicable Final Terms as the Digital Option Payment Condition and the Digital Option Variable is less than the Digital Option Strike;

(d) "Greater Than Or Equal To" is specified in the applicable Final Terms as the Digital Option Payment Condition and the Digital Option Variable is greater than or equal to the Digital Option Strike; and

(e) "Less Than Or Equal To" is specified in the applicable Final Terms as the Digital Option Payment Condition and the Digital Option Variable is less than or equal to the Digital Option Strike;

(II) the "Digital Option Exercised Rate" with respect to an Interest Period means:

(a) if an interest rate (expressed as a percentage per annum rate) is specified as such in the applicable Final Terms, such interest rate; or

(b) if ISDA Determination is specified as the Digital Option Payment Determination Method, the Variable Rate of Interest determined in accordance with sub-paragraph (A) above for which purpose the Floating Rate Option, Designated Maturity and Reset Date are as set out in the applicable Final Terms;

(c) if Screen Rate Determination is specified as the Digital Option Payment Determination Method, the Variable Rate of Interest determined in accordance with sub-paragraph (B) above for which purpose the Reference Rate, Interest Determination Date(s) and Relevant Screen Page are as set out in the applicable Final Terms;

(d) if Collar - ISDA Rate is specified as the Digital Option Payment Determination Method, the Variable Rate of Interest will be:

$$\left[\mathrm{MAX}\left(\mathrm{FloorRate};\left\{\mathrm{MIN}\left[\mathrm{CapRate};\mathrm{CollarISDARate}\pm\mathrm{CollarMargin}\right]\right\}\right)\right]$$

For the purpose of sub-paragraph 3(ii)(N)(II)(d), the value of the Floor Rate, Cap Rate and Collar Margin (if any) shall be specified in the applicable Final Terms and the Collar ISDA Rate shall be determined in accordance with sub-paragraph (A) above for which purpose the Floating Rate Option, Designated Maturity and Reset Date are as set out in the applicable Final Terms.

(e) if Collar – Screen Rate is specified as the Digital Option Payment Determination Method, the Variable Rate of Interest will be:

$$\left[\mathrm{MAX}\left(\mathrm{FloorRate};\left\{\mathrm{MIN}\left[\mathrm{CapRate};\mathrm{CollarScreenRate}\pm\mathrm{CollarMargin}\right]\right\}\right)\right]$$

For the purpose of sub-paragraph 3(ii)(N)(II)(e), the value of the Floor Rate, Cap Rate and Collar Margin (if any) shall be specified in the applicable Final Terms and the Collar Screen Rate shall be determined in accordance with sub-paragraph (B) above for which purpose the Reference Rate, Interest Determination Date(s) and Relevant Screen Page are as set out in the applicable Final Terms.

(III) the "Digital Option Fallback Rate" with respect to an Interest Period means:

(a) if Zero is specified as such in the applicable Final Terms, zero (and no Interest Amount shall be payable in respect of the relevant Interest Period); or

(b) if an interest rate (expressed as a percentage per annum rate) is specified as such in the applicable Final Terms, such interest rate; or

(c) if ISDA Determination is specified as the Digital Fallback Rate, the Variable Rate of Interest shall be determined in accordance with sub-paragraph (A) above for which purpose the Floating Rate Option, Designated Maturity and Reset Date are as set out in the applicable Final Terms;

(d) if Screen Rate Determination is specified as the Fallback Rate, the Variable Rate of Interest shall be determined in accordance with sub-paragraph (B) above for which purpose the Reference Rate, Interest Determination Date(s) and Relevant Screen Page are as set out in the applicable Final Terms;

(e) if Collar - ISDA Rate is specified as the Digital Option Fallback Rate, the Variable Rate of Interest will be:

$$\left[MAX\left(FloorRate;\left\{MIN\left[CapRate;CollarISDARate\pm CollarMargin\right]\right\}\right)\right]$$

For the purpose of sub-paragraph 3(ii)(N)(III)(e), the value of the Floor Rate, Cap Rate and Collar Margin (if any) shall be specified in the applicable Final Terms and the Collar ISDA Rate shall be determined in accordance with sub-paragraph (A) above for which purpose the Floating Rate Option, Designated Maturity and Reset Date are as set out in the applicable Final Terms.

(f) if Collar - Screen Rate is specified as the Digital Option Fallback Rate, the Variable Rate of Interest will be:

$$\left[MAX\left(FloorRate;\left\{MIN\left[CapRate;CollarScreenRate\pm CollarMargin\right]\right\}\right)\right]$$

For the purpose of sub-paragraph 3(ii)(N)(III)(f), the value of the Floor Rate, Cap Rate and Collar Margin (if any) shall be specified in the applicable Final Terms, and the Screen Rate shall be determined in accordance with sub-paragraph (B) above for which purpose the Reference Rate, Interest Determination Date(s) and Relevant Screen Page are as set out in the applicable Final Terms.

(IV) the "Digital Option Variable" with respect to an Interest Period means:

(a) if the Digital Option Type is specified as Interest Rates and ISDA Determination is specified as the Digital Option Variable Interest Determination Method, the Variable Rate of Interest determined in accordance with sub-paragraph (A) above for which purpose the Floating

Rate Option, Designated Maturity and Reset Date are as set out in the applicable Final Terms;

(b) if the Digital Option Type is specified as Interest Rates and Screen Rate Determination is specified as the Digital Option Variable Interest Determination Method, the Variable Rate of Interest determined in accordance with sub-paragraph (B) above for which purpose the Reference Rate, Interest Determination Date(s) and Relevant Screen Page are as set out in the applicable Final Terms;

(c) if the Digital Option Type is specified as Basket of Underlying Commodities, the Reference Price determined in accordance with Condition 6 in respect of the Valuation Date relating to such Interest Period;

(d) if the Digital Option Type is specified as Basket of Underlying Equities, the Reference Price determined in accordance with Condition 8.A. in respect of the Valuation Date relating to such Interest Period;

(e) if the Digital Option Type is specified as Basket of Underlying Fund Interests, the Reference Price determined in accordance with Condition 8.B in respect of the Valuation Date relating to such Interest Period;

(f) if the Digital Option Type is specified as Index, the Reference Price in respect of the Valuation Date relating to such Interest Period, determined in accordance with Condition 7 in respect of Index Linked Interest Notes and in accordance with Condition 10 in respect of Inflation Linked Interest Notes; or

(g) if the Digital Option Type is specified as Currency, the Reference Price determined in accordance with Condition 12 in respect of the Valuation Date realting to such Interest Period;

(V) the "Digital Option Strike" with respect to an Interest Period means:

(a) if the Digital Option Variable is specified as Interest Rates, the percentage rate specified as such in the applicable Final Terms;

(b) if the Digital Option Variable is specified as Basket of Underlying Commodities, the amount specified as such in the applicable Final Terms;

(c) if the Digital Option Variable is specified as Basket of Underlying Equities, the amount specified as such in the applicable Final Terms;

(d) if the Digital Option Variable is specified as Basket of Underlying Fund Interest, the amount specified as such in the applicable Final Terms;

(e) if the Digital Option Variable is specified as Index, the index level specified as such in the applicable Final Terms; or

(f) If the Digital Option Variable is specified as Currency, the exchange rate level specified as such in the applicable Final Terms.

If the Guarantor or Calculation Agent (as applicable) is unable to determine any of the Digital Option Exercised Rate, Digital Option Fallback Rate or the Digital Option

Variable in the customary manner at the relevant time on the relevant date, it shall determine such the Digital Option Exercised Rate, Digital Option Fallback Rate or the Digital Option Variable in a commercially reasonable manner.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Variable Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Variable Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Where the Variable Rate of Interest for any Interest Period is negative (whether by operation of a negative Margin or otherwise), then such Variable Rate of Interest shall be deemed to be zero.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Guarantor, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes (where Fixed Rate does not apply) and Inflation Linked Interest Notes will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Floating Rate Notes, the Guarantor, and in the case of Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes (where Fixed Rate does not apply) and Inflation Linked Interest Notes, the Calculation Agent, will notify the Issuer, the Guarantor (except with respect to Floating Rate Notes) and the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Guarantor, in the case of Floating Rate Notes, or the Calculation Agent, in the case of Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes and Inflation Linked Interest Notes, will calculate the amount of interest (the "Interest Amount") payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes or Inflation Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes or Inflation Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of such a Floating Rate Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Fund Linked Interest Note, a Commodity Linked Interest Note, a Currency Linked Interest Note or an Inflation Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period in accordance with this Condition 3(b) or Condition 3(d):

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

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Period End Date falling in a leap year, 366;

(iv) If "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless

(x) that day is the last day of February or (y) such number would be 31, in which case D_1 will be 30; and

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

(viii) if "1/1" is specified in the applicable Final Terms, 1; and

(ix) if "Other" is specified in the applicable Final Terms, as such term is defined in the applicable Final Terms.

(v) Notification of Rate of Interest and Interest Amounts

The Guarantor or the Calculation Agent, as the case may be, will promptly notify the Agent of each Interest Amount and the Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor, the other Paying Agents and any stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes (where Fixed Rate does not apply) or Inflation Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 19 as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes or Inflation Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 19. For the purposes of this paragraph, the expression "Luxembourg Business Day" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Luxembourg.

(vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(b), whether by the Guarantor or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Guarantor or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Range Accrual Notes

In the case of Range Accrual Notes, the provisions of this Condition 3(c) shall apply.

(i) Interest Period End Dates and Interest Payment Dates

Each Range Accrual Note bears interest from (and including) the Interest Commencement Date. Interest will accrue in respect of each Interest Period (as defined in Condition 3(g)) and will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Range Accrual Notes will be determined in the manner specified below.

The Rate of Interest for each Interest Period will, subject as provided below (in particular, under Condition 3(c)(vii)), be the rate determined in accordance with the following (the "Range Accrual Rate of Interest"):

$$\text{TargetVariable} \times \left[\frac{N}{A}\right]$$

(iii) Market Disruption

If in the determination of the Calculation Agent, a Market Disruption Event has occurred on any day, then the Calculation Agent shall determine each Variable 1 or Variable 2 (as applicable) in accordance with, if the Notes are specified in the applicable Final Terms as:

(A) Commodity Linked Interest Notes, then Condition 6;

(B) Index Linked Interest Notes, then Condition 7;

(C) Equity Linked Interest Notes, then Condition 8.A;

(D) Fund Linked Interest Notes, then Condition 8.B;

(E) Inflation Linked Interest Notes, then Condition 10; and

(F) Currency Linked Interest Notes, then Condition 12.

(iv) Definitions

For the purposes of this Condition 3(c):

"A" means the actual number of calendar days of days in the relevant Interest Period;

"Accrual Pricing Date" means the date specified in the applicable Final Terms;

"Accrual Threshold" means the variable specified in the applicable Final Terms;

"Market Disruption Event" means the situation in which Variable 1 and/or Variable 2, if applicable, is not available on the relevant Reference Spread Screen Page;

"N" means the actual number of days in the relevant Interest Period on which the daily fixing of the Reference Spread is equal to or above the Accrual Threshold;

"Percentage Multiplier" means the percentage specified in the applicable Final Terms.

"Reference Spread" means, if applicable, the spread of Variable 1 over Variable 2, to be fixed by the Calculation Agent at the Valuation Time on each day by reference to information published on the Reference Spread Screen Page specified in the applicable Final Terms, except that (i) if any day is not a Business Day, the fixing for the immediately preceding Business Day shall be used, (ii) the last fixing of Variable 1 and Variable 2 in each Interest Period will be the fifth Business Day prior to the Interest Payment Date falling at the end of that Interest Period and this fixing will be used for the remaining days of the Interest Period (whether or not they are Business Days) and (iii) if, in the determination of the Calculation Agent, a Market Disruption Event has occurred on any day, then the Reference Spread will be fixed by the Calculation Agent in accordance with Condition 3(c)(iii).

"Target Variable" means the variable determined by the Calculation Agent on the Accrual Pricing Date by reference to the Target Variable Specified in the applicable Final Terms.

"Valuation Time" means the time specified as such in the applicable Final Terms;

"Variable 1" means, subject to Condition 3(c)(iii), the variable specified as such in the applicable Final Terms;

"Variable 2" means, if applicable, and subject to Condition 3(c)(iii), the variable specified as such in the applicable Final Terms.

(v) If ISDA Determination is specified as the Target Variable, the Target Variable will be equal to the Variable Rate of Interest determined in accordance with Condition 3(b)(ii)(A) above, for which purpose the Floating Rate Option, Designated Maturity and Reset Date are as specified in the applicable Final Terms.

(vi) If Screen Rate Determination is specified in the applicable Final Terms as the Target Variable, the Target Variable will be equal to the Variable Rate of Interest determined in accordance with Condition 3(b)(ii)(B) above, for which purpose the Reference Rate, Interest Determination Date(s) and Relevant Screen Rate are as specified in the applicable Final Terms.

(vii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Range Accrual Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Range Accrual Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Where the Range Accrual Rate of Interest for any Interest Period is negative, then such Rate of Interest shall be deemed to be zero.

(viii) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Calculation Agent will notify the Issuer, the Guarantor and the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent, will calculate the amount of interest (the "Interest Amount") payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Range Accrual Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Range Accrual Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Range Accrual Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

The Calculation Agent will notify the Agent of the Interest Amount payable on the Range Accrual Notes in respect of each Calculation Amount for the relevant Interest Period as soon as practicable after calculating the same.

"Day Count Fraction" shall have the meaning given to such term in Condition 3(b)(iv).

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means, one cent.

(ix) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will promptly notify the Agent of each Interest Amount and the Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor, the other Paying Agents and any stock exchange on which the relevant Range Accrual Notes are for the time being listed and notice thereof to be published in accordance with Condition 19 as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Range Accrual Notes are for the time being listed and to the Noteholders in accordance with Condition 19. For the purposes of this paragraph, the expression "Luxembourg Business Day" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Luxembourg.

(x) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(c), by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless either, upon due presentation thereof (if applicable), payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of: (1) the date on which all amounts due in respect of such Note have been paid; and (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and/or all assets in respect of such Note have been

received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 19,

PROVIDED THAT if the Notes become redeemable pursuant to Condition 11(b), Condition 11(c) or Condition 11(d); and

(A) "Accrual of Interest upon Credit Event" is specified as Not Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Interest Period End Date immediately preceding the Credit Event Determination Date (as defined in Condition 11(m)) or, if the Credit Event Determination Date is an Interest Period End Date such Interest Period End Date or, if the Credit Event Determination Date, falls prior to the first Interest Period End Date, no interest shall accrue on the Notes; or

(B) "Accrual of Interest upon Credit Event" is specified as being Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Credit Event Determination Date; and

PROVIDED FURTHER THAT, if

(A) Condition 11(d), Condition 11(e) or Condition 11(f) applies in respect of the Notes and, in the case of Condition 11(d), a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Condition 11(e), a Failure to Pay has not occurred on or prior to the Grace Period Extension Date or, in the case of Condition 11(f), a Credit Event has not occurred prior to the DC Cut-off Date, as the case may be; and/or

(B) Condition 11(g) applies in respect of the Notes and the Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, is postponed as provided therein,

then interest will accrue as provided in Condition 11(d), Condition 11(e), Condition 11(f) or Condition 11(g), as the case may be.

(f) General definitions applicable to interest-bearing Notes

For the purposes of these Terms and Conditions:

"Interest Payment Date" means the Interest Payment Date(s) in each year specified in the applicable Final Terms;

"Interest Period" means the period from (and including) an Interest Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date; and

"Interest Period End Date" means the Interest Period End Date(s) in each year specified in the applicable Final Terms.

(g) Business Day Conventions and Business Days

If a Business Day Convention is specified in the applicable Final Terms in relation to any date (including, for the avoidance of doubt, any Maturity Date) and (x) if there is no numerically corresponding day in the calendar month in which such date should occur or (y) if such date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Currency Linked Interest Notes and Inflation Linked Interest Notes only, the Floating Rate Convention, the relevant Interest Period End Date (i) in the case of (x) above, shall be the last day that is a Business Day in the

relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event (A) such Interest Period End Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Period End Date shall be the last Business Day in the month;

(2) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day;

(3) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "Business Day" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Wellington, respectively), or (2) in relation to any sum payable in euro, a day on which the TransEuropean Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET2 System") is open.

4 Payments

(a) Method of Payment

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

All payments will be subject in all cases to any fiscal or other laws, regulations or directives applicable thereto in the place of payment or other laws to which the Issuer, the Guarantor or its Paying Agents agree to be subject and neither the Issuer nor the Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 13(a) (if applicable).

Any references in these Terms and Conditions to payment of any sums in respect of the Notes shall be deemed to include, as applicable, delivery of assets if so provided in the applicable Final Terms and references to paid and payable shall be construed accordingly. The method of delivery of any assets and the liability for the costs and charges arising from such delivery will be as specified in the applicable Final Terms.

(b) Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 13(a)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 14) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Range Accrual Note, Credit Linked Note, Currency Linked Note, Inflation Linked Note, Index Linked Note, Equity Linked Note, Commodity Linked Note, Fund Linked Note or Long Maturity Note in definitive form becomes due and repayable prior to its Maturity Date, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount at issue is less than the aggregate interest

payable thereon (provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of the relevant definitive Note).

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream Luxembourg, as applicable.

(d) General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(e) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place (unless otherwise specified in the applicable Final Terms) and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 14) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in:

(A) in the case of Notes in definitive form only, the relevant place of presentation; and

(B) each Additional Financial Centre specified in the applicable Final Terms; and

(ii) unless specified otherwise in the applicable Final Terms,

(A) a day on which the TARGET2 System is open; and

(B) where a sum is payable in a Specified Currency, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of such Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Wellington, respectively).

(f) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 13(a);

(ii) the Final Redemption Amount;

(iii) the Early Redemption Amount;

(iv) the Optional Redemption Amount(s) (if any);

(v) in relation to Credit Linked Notes, the Credit Event Redemption Amount (if any);

(vi) in relation to Notes redeemable in instalments, the Instalment Amounts;

(vii) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5(e)); and

(viii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 13(a).

5 Redemption and Purchase

(a) Redemption at Maturity

Except in the case of Commodity Linked Redemption Notes, Index Linked Redemption Notes, Equity Linked Redemption Notes, Inflation Linked Redemption Notes or Credit Linked Notes, in which case each Note will be redeemed by the Issuer at an amount equal to the Redemption Amount determined in accordance with the provisions of Condition 6, Conditions 7 and 9, Conditions 8.A. and 9, Condition 10 or Condition 11, as applicable, unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer:

(i) if "Redemption at par" is specified as the Final Redemption Amount in the applicable Final Terms, at par; or

(ii) if "Specified Redemption Amount" is specified as the Final Redemption Amount in the applicable Final Terms, at the amount per Calculation Amount specified,

in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

If Condition 13(a) is specified as applicable in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Fund Linked Interest Note, a Currency Linked Interest Note, a Commodity Linked Interest Note or an Inflation Linked Interest Note) or on any Interest Payment Date (if this Note is a Floating Rate Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Fund Linked Interest Note, a Currency Linked Interest Note, a Commodity Linked Interest Note or an Inflation Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 19, the Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13(a) or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in either case as a result of any change in, or amendment to, the laws or regulations of The Netherlands or Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 5(b) will be redeemed at the Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

If Condition 13(b) is specified as applicable in the applicable Final Terms, this Condition 5(b) shall not apply to the Notes.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, giving the Issuer an option to redeem, the Issuer may, having given:

(i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 19; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules 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) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 19 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 19 at least 5 days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 19 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 15.

(e) Early Redemption Amounts

For the purpose of these Terms and Conditions, unless otherwise specified in the applicable Final Terms the Early Redemption Amount in respect of any Note shall be in respect of each nominal amount of such Notes equal to the Calculation Amount will be such amount(s) calculated by the

Calculation Agent in its sole discretion, acting reasonably, by determining the fair market value of such Notes on the date of redemption, including accrued interest (if any), adjusted to account fully for any losses, expenses and costs to the Issuer (or any of its affiliates) of unwinding any underlying or related hedging and funding arrangements, all as determined by the Calculation Agent. For the purposes hereof: (I) the references to "together (if appropriate) with interest accrued to (but excluding) the date of redemption" shall be deemed to be deleted from each of Condition 5(b) and Condition 5(d); and (II) the references to "together with accrued interest thereon to the date of repayment", shall be deemed to be deleted from Condition 15.

(f) Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5(e) above.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition.

(h) Illegality

In the event that the Calculation Agent determines that the performance of the Issuer's obligations under the Notes or, as the case may be, the Guarantor's obligations under the Guarantee or that any arrangements made to hedge the Issuer's obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than 10 nor more than 30 days' notice to Noteholders in accordance with Condition 19 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(i) Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to the Agent for cancellation.

(j) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(k) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 5(a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 15 is improperly withheld or refused, the amount due and repayable in respect

of such Zero Coupon Note shall be the amount calculated as provided in Condition 5(e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 19.

6 Commodity Linked Notes

If the Notes are specified as Commodity Linked Interest Notes and/or Commodity Linked Redemption Notes in the applicable Final Terms then the provisions of this Condition 6 apply, as applicable, as modified by the applicable Final Terms.

(a) Redemption of Commodity Linked Redemption Notes

Unless previously redeemed or purchased and cancelled, each nominal amount of the Notes equal to the Calculation Amount set out in the applicable Final Terms will be redeemed by the Issuer at its Redemption Amount (as defined below) on the Maturity Date.

(b) Market Disruption

(i) Definition

"Market Disruption Event" means an event that, if applicable to the Notes, would give rise, in accordance with an applicable Disruption Fallback, to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price or the cancellation of the Notes were the event to occur or exist on a day that is a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the relevant Price Source).

In the case of a Commodity, each of:

(A) "Price Source Disruption";

(B) "Trading Disruption";

(C) "Disappearance of Commodity Reference Price";

(D) "Material Change in Formula";

(E) "Material Change in Content"; and

(F) "Tax Disruption",

in any case, as specified in the applicable Final Terms or as deemed to be specified pursuant to Condition 6(b)(ii), shall be a Market Disruption Event.

In the case of a Commodity Index, each of the following shall, unless otherwise specified in the applicable Final Terms, be a Market Disruption Event:

(A) a temporary or permanent failure by the Price Source to announce or publish (x) the Commodity Reference Price or (y) the closing or other relevant price for any Commodity Index Component;

(B) a material suspension of, or the material limitation imposed on, or disruption of, trading in one or more of the Commodity Index Components which results in a failure by the Exchange on which a relevant Commodity Index Component is traded to report the closing or other relevant price for such Commodity Index Component; or

(C) the closing or other relevant price for any Commodity Index Component is a "limit price", which means that the closing or other relevant price for such Commodity Index Component for a day has increased or decreased from the previous day's closing or other relevant price by the maximum amount permitted under the rules of the relevant Exchange.

The applicable Final Terms may specify one or more alternative events as "Market Disruption Events" in relation to a Commodity and/or a Commodity Index.

(ii) Deemed Market Disruption Events

In the case of a Commodity, if no Market Disruption Events are specified in the applicable Final Terms, the following Market Disruption Events will be deemed to have been specified:

(A) in respect of a Commodity other than a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity: (I) "Price Source Disruption", (II) "Trading Disruption", (III) "Disappearance of Commodity Reference Price", (IV) "Material Change in Formula" and (V) "Material Change in Content"; and

(B) in respect of a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity: (x) "Price Source Disruption", (y) "Trading Disruption" and (z) "Disappearance of Commodity Reference Price".

(iii) Consequences of a Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event applicable to the Notes has occurred or exists on a day that is a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course of business, be published or announced by the relevant Price Source), the Relevant Price for that Pricing Date will be determined in accordance with the first applicable Disruption Fallback (applied in accordance with its terms) that provides the Relevant Price or, if there is no such Relevant Price, the first applicable, if any, Disruption Fallback that provides for the cancellation of the Notes.

The Calculation Agent shall, as soon as practicable, notify the Issuer and the Agent if it has determined that a Market Disruption Event has occurred and the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 19 giving details of the action proposed to be taken in relation thereto.

(c) Disruption Fallbacks

(i) Definition

"Disruption Fallback" means the source or method that, if applicable to the Notes, may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price or the cancellation of the Notes when a Market Disruption Event occurs or exists on a day that is a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the relevant Price Source).

In the case of a Commodity, each of:

(A) "Fallback Reference Dealers";

(B) "Fallback Reference Price";

(C) "Cancellation";

(D) "Postponement";

(E) "Calculation Agent Determination"; and

(F) "Delayed Publication and Announcement",

in any case, as specified in the applicable Final Terms or as deemed to be specified pursuant to Condition 6(c)(ii) below, shall be a Disruption Fallback.

In the case of a Commodity Index, each of:

(A) "Postponement";

(B) "Calculation Agent Determination";

(C) "Cancellation"; and,

(D) "Delayed Publication and Announcement",

in any case, as specified in the applicable Final Terms or as deemed to be specified pursuant to Condition 6(c)(ii) below, shall be a Disruption Fallback.

The applicable Final Terms may specify one or more alternative provisions as "Disruption Fallbacks" in relation to a Commodity and/or a Commodity Index.

(ii) Deemed Disruption Fallbacks

In the case of a Commodity, if no Disruption Fallbacks are specified in the applicable Final Terms, the following Disruption Fallbacks will be deemed to have been specified (in the following order): (A) "Fallback Reference Price" (if an alternate Commodity Reference Price is specified in the applicable Final Terms), (B) "Delayed Publication and Announcement" and "Postponement" (each to operate concurrently with the other and each subject to two Commodity Business Days as the applicable Maximum Days of Disruption PROVIDED THAT the price determined by "Postponement" shall be the Relevant Price only if "Delayed Publication and Announcement" does not yield a Relevant Price within the Maximum Days of Disruption), (C) "Calculation Agent Determination" and (D) "Cancellation".

In the case of a Commodity Index, if no Disruption Fallbacks are specified in the applicable Final Terms, the following Disruption Fallbacks will be deemed to have been specified (in the following order): (A) "Delayed Publication and Announcement" and "Postponement" (each to operate concurrently with the other and each subject to two Commodity Business Days as the applicable Maximum Days of Disruption PROVIDED THAT the price determined by "Postponement" shall be the Relevant Price only if "Delayed Publication and Announcement" does not yield a Relevant Price within the Maximum Days of Disruption), (B) "Calculation Agent Determination" and (C) "Cancellation".

(iii) Cancellation

If a Market Disruption Event occurs or exists on a day that would otherwise be a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the relevant Price Source) and (A) "Cancellation" is specified in the applicable Final Terms or is deemed to have been specified in accordance with Condition 6(c)(ii) above and (B) none of the other applicable Disruption Fallbacks (if any) provides the parties with a Relevant Price, on giving notice to Noteholders in accordance with Condition 19 (which notice will be irrevocable), the Issuer will redeem all but not some only of the Notes, each Note being redeemed at the Early Redemption Amount. Payment will be made in such manner and subject to such conditions as shall be notified to the Noteholders in accordance with Condition 19 and upon such payment in respect of such Note, the Issuer's obligations in respect thereof shall be discharged.

(d) Correction of Commodity Prices

If Correction of Commodity Prices is specified in the applicable Final Terms, if the price or level published or announced on a given day and used or to be used by the Calculation Agent to determine a Relevant Price is subsequently corrected and the correction (the "Corrected Commodity Price") is published or announced by the person responsible for that publication or announcement within 30 calendar days of the original publication or announcement, (A) the Issuer shall give notice as soon as practicable of that correction to the Noteholders in accordance with Condition 19 and (B) the Calculation Agent shall use such Corrected Commodity Price in determining the relevant Interest Amount and/or Redemption Amount. Corrections published after the Correction Cut-Off Date will be disregarded by the Calculation Agent for the purposes of determining the relevant Interest Amount and/or Redemption Amount.

(e) Adjustments to a Commodity Index

(i) Successor Index Sponsor Calculates and Reports a Commodity Index

If a relevant Commodity Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a "Successor Index Sponsor") acceptable to the Calculation Agent or (ii) replaced by a successor commodity index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Commodity Index, then, in each case, that commodity index (the "Successor Commodity Index") will be deemed to be the Commodity Index.

(ii) Modification and Cessation of Calculation of a Commodity Index

If on or prior to a Pricing Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent Commodity Index Components and weightings and other routine events) (a "Commodity Index Modification") or permanently cancels the Commodity Index (a "Commodity Index Cancellation" and, together with a Commodity Index Modification, each a "Commodity Index Adjustment Event"), then the Issuer may take the action described in (a) or (b) below:

(a) require the Calculation Agent to determine if such Commodity Index Adjustment Event has a material effect on the Notes and, if so, to either (A) in relation to any Pricing Date, calculate the Relevant Price using, in lieu of a published level for that Commodity Index,

the level for that Commodity Index as at the relevant Pricing Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Commodity Index Adjustment Event, but using only those Commodity Index Components that comprised that Commodity Index immediately prior to that Commodity Index Adjustment Event or (B) substitute that Commodity Index with a replacement commodity index using, in the determination of the Calculation Agent, the same or a substantially similar method of calculation as used in the calculation of that Commodity Index and the Calculation Agent shall determine the adjustments, if any, to be made to these Terms and Conditions and/or the applicable Final Terms to account for such substitution; or

(b) give notice to the Noteholders in accordance with Condition 19 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

(iii) Notice

Upon the occurrence of a Commodity Index Adjustment Event, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 19 giving details of the action proposed to be taken in relation thereto.

(f) Definitions

For the purposes of this Condition 6:

"Bullion Commodity" means any Commodity specified as a Bullion Commodity in the applicable Final Terms.

"Calculation Agent Determination" means that the Calculation Agent will determine the Relevant Price (or method for determining a Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that it deems relevant.

"Cancellation" means that the Notes will be redeemed early in accordance with the provisions of Condition 6(c)(iii) above.

"Commodity" means the commodity (or commodities) specified in applicable Final Terms.

"Commodity Business Day" means, unless otherwise specified in the applicable Final Terms:

(a) in respect of a Commodity (other than a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity):

(i) where the Commodity Reference Price for such Commodity is a price announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading session, notwithstanding that Exchange closing prior to its scheduled closing time; and

(ii) where the Commodity Reference Price for such Commodity is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price;

(b) in respect of a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity, a day on which commercial banks are open for business (including dealings in

foreign exchange and foreign currency deposits) in London and New York City or as otherwise specified in the applicable Final Terms;

(c) in respect of a Commodity Index and its Commodity Index Components, a day:

(A) with respect to Commodity Index Components which are Exchange-traded, on which all such Exchanges are (or, but for the occurrence of a Market Disruption Event, would have been) open for trading during their respective regular trading sessions, notwithstanding any such Exchange closing prior to its scheduled closing time; or

(B) with respect to Commodity Index Components which are not Exchange-traded, on which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a closing or other relevant price for such Commodity Index Components.

"Commodity Business Day Convention" means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Commodity Business Day. The following terms, when used in conjunction with the term "Commodity Business Day Convention" and a date, will mean that an adjustment will be made if that date would otherwise fall on a day that is not a Commodity Business Day so that:

(a) if "Following" is specified, that date will be the first following day that is a Commodity Business Day;

(b) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Commodity 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 Commodity Business Day;

(c) if "Nearest" is specified, that date will be the first preceding day that is a Commodity Business Day if the relevant date otherwise falls on a day other than a Sunday or a Monday and will be the first following day that is a Commodity Business Day if the relevant date otherwise falls on a Sunday or a Monday; and

(d) if "Preceding" is specified, that date will be the first preceding day that is a Commodity Business Day.

"Commodity Index" means, subject to adjustment in accordance with this Condition 6, a commodity index comprising various Commodity Index Components, as specified in the applicable Final Terms.

"Commodity Index Component" means, in relation to a Commodity Index and any relevant date:

(i) each of the futures contracts and/or over-the-counter contracts (whether swaps, forwards or otherwise) in relation to each commodity which, as at that date, comprise that Commodity Index or to which that Commodity Index directly or indirectly relates; and

(ii) each commodities index or other asset or reference basis comprising that Commodity Index or to which that Commodity Index relates.

"Commodity-Reference Dealers" means, in respect of a Commodity, that the price for a Pricing Date will be determined on the basis of quotations provided by Reference Dealers on that Pricing Date of that day's Specified Price for a Unit of such Commodity for delivery on the Delivery Date, if applicable. If four quotations are provided as requested, the price for that Pricing Date will be the arithmetic mean of the Specified Prices for such Commodity provided by each Reference Dealer, without regard to the Specified Prices having the highest and lowest values. If exactly three quotations

are provided as requested, the price for that Pricing Date will be the Specified Price provided by the relevant Reference Dealer that remains after disregarding the Specified Prices having the highest and lowest values. For this purpose, if more than one quotation has the same highest or lowest value, then the Specified Price of one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the price for the Pricing Date cannot be determined.

"Commodity Reference Price" means:

(i) in respect of a Commodity and for the purposes of determining a Relevant Price, the relevant commodity reference price for such Commodity specified in the applicable Final Terms; and

(ii) in respect of a Commodity Index and for the purposes of determining a Relevant Price, the relevant commodity reference price for such Commodity Index specified in the applicable Final Terms, or if not so specified, the official closing level of such Commodity.

"Common Pricing" means, with respect to Notes linked to two or more Commodities and Commodity Reference Prices:

(a) if "Common Pricing" is specified as "Applicable" in the applicable Final Terms, then no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced, as determined on the Trade Date of the Notes as of the Issue Date; or

(b) if "Common Pricing" is specified as "Not Applicable" in the applicable Final Terms, then if the Calculation Agent determines that a Market Disruption Event has occurred or exists on a Pricing Date in respect of any Commodity and/or Commodity Index (each an "Affected Commodity"), the Relevant Price of each Commodity and/or Commodity Index which is not affected by the occurrence of a Market Disruption Event shall be determined on the relevant scheduled Pricing Date and the Relevant Price for each Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Price.

"Delayed Publication and Announcement" means that the Relevant Price for a Pricing Date will be determined based on (in the case of a Commodity) the Specified Price or (in the case of a Commodity Index) the price or level of such Commodity Index specified in the Commodity Reference Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for consecutive Commodity Business Days equal in number to the Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.

"Delivery Date" means, in respect of a Commodity Reference Price, the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

(a) if a date is, or a month and year are, specified in the applicable Final Terms, that date or that month and year;

(b) if a Nearby Month is specified in the applicable Final Terms, the month of expiration of the relevant Futures Contract; and

(c) if a method is specified in the applicable Final Terms for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method.

"Disappearance of Commodity Reference Price" means (A) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange; (B) the disappearance of, or of trading in, the relevant Commodity; or (C) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the relevant Commodity.

"Exchange" means:

(i) in respect of a Commodity, each exchange or principal trading market for such Commodity specified in the applicable Final Terms; or

(ii) in respect of a Commodity Index and its Commodity Index Components, each exchange or principal trading market (if any) on which each Commodity Index Component is principally traded or quoted, as determined by the Calculation Agent,

or, in any case, any successor to such exchange or principal trading market.

"Fallback Reference Dealers" means that the Relevant Price will be determined in accordance with the provisions of Commodity-Reference Dealers.

"Fallback Reference Price" means that the Calculation Agent will determine the Relevant Price based on the price for that Pricing Date of the first alternate Commodity Reference Price, if any, specified in the applicable Final Terms and not subject to a Market Disruption Event.

"Futures Contract" means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or, as the case may be, Commodity Index referred to in that Commodity Reference Price.

"Index Sponsor" means, in relation to a Commodity Index, the corporation or other entity that is responsible for setting and reviewing the rules and procedures, and the methods of calculation and adjustments, if any, related to such Commodity Index, which as of the Issue Date is the index sponsor specified for such Commodity Index in the applicable Final Terms.

"Material Change in Content" means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or the relevant Futures Contract.

"Material Change in Formula" means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price.

"Maximum Days of Disruption" means the number of Commodity Business Days specified in the applicable Final Terms or, if no such number is so specified, five Commodity Business Days.

"Nearby Month" when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that, for example, (A) "First Nearby Month" means the month of expiration of the first Futures Contract to expire following that Pricing Date and (B) "Second Nearby Month" means the month of expiration of the second Futures Contract to expire following that Pricing Date etc.

"Postponement" means, in respect of a Pricing Date, that such Pricing Date will be deemed, for purposes of the application of this Disruption Fallback only, to be the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have

been such Pricing Date) for consecutive Commodity Business Days equal in number to the Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.

"Pricing Date" means the date or each date specified as such in the applicable Final Terms (or determined pursuant to a method specified for such purpose), such date(s) being subject to the provisions of the Commodity Business Day Convention specified in the applicable Final Terms.

"Price Source" means:

(i) in respect of a Commodity, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the applicable Final Terms or any successor; or

(ii) in respect of a Commodity Index and/or a Commodity Index Component, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the closing level or price for such Commodity Index and/or Commodity Index Component (or other relevant level, levels, price or prices, including any level or price from which such level or price is calculated), specified in the applicable Final Terms or any successor.

"Price Source Disruption" means (A) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price, (B) the temporary or permanent discontinuance or unavailability of the Price Source or (C) if a Commodity Reference Price is "Commodity-Reference Dealers", the failure to obtain at least three quotations as requested from the relevant Reference Dealers.

"Redemption Amount" means, in relation to a Commodity Linked Redemption Note an amount per Calculation Amount calculated by the Calculation Agent equal to:

(a) in the case of a Commodity Linked Redemption Note where Call Performance is specified as the Commodity Linked Redemption Type in the applicable Final Terms:

(i) if the Reference Price, in relation to the Valuation Date specified for such Commodity Linked Redemption Note in the applicable Final Terms, is greater than the Strike Price:

$$\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Calculation Amount per}$$

(ii) if the Reference Price, in relation to the Valuation Date specified for such Commodity Linked Redemption Note in the applicable Final Terms, is equal to or less than the Strike Price:

100 per cent. x Calculation Amount; or

(b) in the case of an Commodity Linked Redemption Note where Put Performance is specified as the Commodity Linked Redemption Type in the applicable Final Terms:

(i) if the Reference Price, in relation to the Valuation Date specified for such Commodity Linked Redemption Note in the applicable Final Terms, is less than the Strike Price:

$$\left\{100 + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}}\right\} \text{per cent.} \times \text{Calculation Amount per}$$

(ii) if the Reference Price, in relation to the Valuation Date specified for such Commodity Linked Redemption Note in the applicable Final Terms, is equal to or greater than the Strike Price:

100 per cent. x Calculation Amount;

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

"Reference Dealers" means four leading dealers in the relevant market selected by the Calculation Agent.

"Relevant Price" means, in respect of a Pricing Date:

(i) in the case of a Commodity, the price, which may be expressed as a price per Unit or otherwise as specified in the applicable Final Terms, of such Commodity; or

(ii) in the case of a Commodity Index, the price or level of such Commodity Index,

in any case, determined with respect to that day for the relevant Commodity Reference Price.

"Specified Price" means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source) as specified in the applicable Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the Final Terms.

"Strike Price" means the amount specified as such in the applicable Final Terms.

"Tax Disruption" means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal.

"Trade Date" means the date specified as such in the applicable Final Terms.

"Trading Disruption" means the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the relevant Commodity on the relevant Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the applicable Final Terms. For these purposes:

(a) a suspension of the trading in the relevant Futures Contract or the relevant Commodity on any Commodity Business Day shall be deemed to be material only if:

(i) all trading in the relevant Futures Contract or the relevant Commodity is suspended for the entire Pricing Date; or

(ii) all trading in the relevant Futures Contract or the relevant Commodity is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and

(b) a limitation of trading in the relevant Futures Contract or the relevant Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract or the relevant Commodity may fluctuate and the closing or settlement price of the relevant Futures Contract or the relevant Commodity on such day is at the upper or lower limit of that range.

"Unit" means, in respect of a Commodity, the unit of measure of such Commodity, as specified in the relevant Commodity Reference Price or the applicable Final Terms, as the case may be.

7 Index Linked Notes

If the Notes are specified as Index Linked Interest Notes and/or Index Linked Redemption Notes in the applicable Final Terms then the provisions of this Condition 7 apply, as applicable, as modified by the applicable Final Terms.

(a) Redemption of Index Linked Redemption Notes

Unless previously redeemed or purchased and cancelled, each nominal amount of the Notes equal to the Calculation Amount set out in the applicable Final Terms will be redeemed by the Issuer at its Redemption Amount (as defined below) on the Maturity Date.

(b) Adjustments to an Index

(i) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a "Successor Index Sponsor") acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then, in each case, that index (the "Successor Index") will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of an Index

If (i) on or prior to a Valuation Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or contracts and other routine events) (an "Index Modification") or permanently cancels the Index and no Successor Index exists (an "Index Cancellation"), or (ii) on a Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an "Index Disruption" and, together with an Index Modification and an Index Cancellation, each an "Index Adjustment Event"), then the Issuer may take the action described in (a) or (b) below:

(a) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, to either (A) in relation to any Valuation Date,

calculate the Reference Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event or (B) substitute that Index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar method of calculation as used in the calculation of that Index and the Calculation Agent shall determine the adjustments, if any, to be made to these Terms and Conditions and/or the applicable Final Terms to account for such substitution; or

(b) give notice to the Noteholders in accordance with Condition 19 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

(iii) Correction of an Index

If Correction of Index Levels is specified as applying in the applicable Final Terms, with the exception of any correction published after the Correction Cut-Off Date specified in the applicable Final Terms, if the official closing level of an Index published on a Valuation Date is subsequently corrected and the correction (the "Corrected Index Level") is published by the Index Sponsor or (if applicable) the Successor Index Sponsor within one Settlement Cycle after the original publication, (A) the Issuer shall give notice as soon as practicable of that correction to the Noteholders in accordance with Condition 19, (B) such Corrected Index Level shall be deemed to be the closing level for such Index for that Valuation Date and (C) the Calculation Agent shall use such Corrected Index Level in determining the relevant Interest Amount and/or Redemption Amount. Corrections published after the Correction Cut-Off Date will be disregarded by the Calculation Agent for the purposes of determining the relevant Interest Amount and/or Redemption Amount.

(iv) Notice

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 19 giving details of the action proposed to be taken in relation thereto.

(c) Definitions applicable to Index Linked Notes

For the purposes of this Condition 7:

"Clearance System" means, in respect of a security underlying an Index, the principal domestic clearance system customarily used for settling trades in such security.

"Clearance System Business Day" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in such Clearance System being unable to clear the transfer of a relevant security, would have been) open for the acceptance and execution of settlement instructions.

"Disrupted Day" means:

(a) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related

Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or

(b) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred.

"Exchange" means:

(a) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); or

(b) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, in relation to each component security of that Index (each a "Component Security"), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

"Exchange Business Day" means:

(a) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or

(b) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) each Related Exchange is open for trading during its regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

"Indices" and "Index" mean, subject to adjustment in accordance with Condition 7(b), the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Index Sponsor" means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

"Market Disruption Event" means:

(a) in respect of an Index other than a Designated Multi-Exchange Index:

(i) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:

(A) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price

exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:

(x) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index; or

(y) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or

(B) any event (other than an event described in (ii) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (x) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities that comprise 20 per cent. or more of the level of the relevant Index, or (y) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

(ii) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or

(b) in respect of a Designated Multi-Exchange Index either:

(i) the occurrence or existence, in respect of any Component Security, of:

(A) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security;

(B) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; or

(C) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; and

the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; OR

(ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (A) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange, (B) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any

Related Exchange or (C) an Early Closure, in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

As used above:

"Early Closure" means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of: (a) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day; and (b) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

"Exchange Disruption" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (a) any Component Security on the Exchange in respect of such Component Security; or (b) futures or options contracts relating to the Index on any Related Exchange.

"Trading Disruption" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (a) relating to any Component Security on the Exchange in respect of such Component Security; or (b) in futures or options contracts relating to the Index on any Related Exchange.

For the purposes of determining whether a Market Disruption Event in respect of an Index or a Component Security exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index or such Component Security at that time, then the relevant percentage contribution of that security or Component Security, as the case may be, to the level of the Index shall be based on a comparison of (a) the portion of the level of the Index attributable to that security or Component Security, as the case may be, and (b) the overall level of the Index, in each case either (i) except where the Index is a Designated Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (ii) where the Index is a Designated Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

"Redemption Amount" means, in relation to an Index Linked Redemption Note an amount per Calculation Amount calculated by the Calculation Agent equal to:

(a) in the case of an Index Linked Redemption Note where Call Performance is specified as the Index Linked Redemption Type in the applicable Final Terms:

(i) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is greater than the Strike Price:

$$\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Calculation Amount, or}$$

(ii) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is equal to or less than the Strike Price:

100 per cent. x Calculation Amount; or

(b) in the case of an Index Linked Redemption Note where Put Performance is specified as the Index Linked Redemption Type in the applicable Final Terms:

(i) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is less than the Strike Price:

$$\left\{100+\frac{\text{Strike Price}-\text{Reference Price}}{\text{Strike Price}}\right\}\text{per cent.}\times\text{Calculation Amount per}$$

(ii) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Redemption Note in the applicable Final Terms, is equal to or greater than the Strike Price:

100 per cent. x Calculation Amount;

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

"Reference Price" means, in relation to a Valuation Date:

(a) where the Notes are specified in the applicable Final Terms to relate to a single Index, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official closing level of the Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on that Valuation Date (as defined below), without regard to any subsequently published correction; and

(b) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the sum of the values calculated for each Index as the official closing level of each Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on that Valuation Date, without regard to any subsequently published correction, multiplied by the relevant Multiplier specified in the applicable Final Terms.

"Related Exchange" means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), PROVIDED THAT where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Trading Day" means:

(a) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or

(b) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, (i) any day on which the Index Sponsor is scheduled to publish the level of that Index and (ii) each Related Exchange is scheduled to be open for trading for its regular trading session.

"Scheduled Valuation Date" means, in relation to a Valuation Date, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been that Valuation Date.

"Settlement Cycle" means, in respect of an Index, the period of Clearance System Business Days following a trade in the securities underlying such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period).

"Strike Price" means the amount specified as such in the applicable Final Terms.

"Valuation Date" means, unless otherwise specified in the applicable Final Terms, the date or, in the case of Index Linked Interest Notes, each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

(a) where the Notes are specified in the applicable Final Terms to relate to a single Index, that Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) that eighth Scheduled Trading Day shall be deemed to be that Valuation Date notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); or

(b) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, that Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and that Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an "Affected Index") shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where applicable, determine the Reference Price using, in

relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, using the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

"Valuation Time" means:

(a) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or

(b) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange and (B) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor. If, for the purposes of (i) above, the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

8 Equity Linked Notes and Fund Linked Notes

8.A. Equity Linked Notes

If the Notes are specified as Equity Linked Interest Notes and/or Equity Linked Redemption Notes in the applicable Final Terms then the provisions of this Condition 8.A. apply, as applicable, as modified by the applicable Final Terms.

(a) Redemption of Equity Linked Redemption Notes

Unless previously redeemed or purchased and cancelled as specified below, each nominal amount of Equity Linked Redemption Notes equal to the Calculation Amount set out in the applicable Final Terms will be redeemed by the Issuer by payment of the Redemption Amount on the Maturity Date.

(b) Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Correction of Share Prices, Adjustments for Equity Linked Notes

(i) If Potential Adjustment Events are specified as applying in the applicable Final Terms, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the Underlying Equities and, if so, will (a) either (A) make the corresponding adjustment, if any, to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Strike Price and/or the Multiplier

and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Underlying Equity) or (B) substitute the Underlying Equity the subject of the Potential Adjustment Event with a replacement equity security selected by the Calculation Agent and the Calculation Agent shall determine the adjustments, if any, to be made to these Terms and Conditions and/or the applicable Final Terms to account for such substitution and (b) determine the effective date of that adjustment or substitution, as the case may be. With respect to an adjustment pursuant to (A) above, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 19, stating the adjustment to the relevant Interest Amount and/or Redemption Amount, the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

For the purposes of this Condition 8.A.:

"Potential Adjustment Event" means any of the following:

(a) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalisation or similar issue;

(b) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (1) an additional amount of such Underlying Equities or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities or (3) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Equity Issuer as a result of a spin-off or other similar transaction or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

(c) an extraordinary dividend as determined by the Calculation Agent;

(d) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;

(e) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(f) in respect of an Equity Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any

adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

(g) any other event that has or may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.

(ii) If (x) De-listing, Merger Event, Nationalisation and Insolvency is specified as applying in the applicable Final Terms and/or (y) if Tender Offer is specified as applying in the applicable Final Terms and (in the case of (x)), a De-listing, Merger Event, Nationalisation or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer in its sole and absolute discretion may:

(a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may (i) include, without limitation, the substitution of the Underlying Equity the subject of the De-listing, Merger Event, Nationalisation, Insolvency or Tender Offer by a replacement equity security selected by the Calculation Agent and the Calculation Agent shall determine the adjustments, if any, to be made to these Terms and Conditions and/or the applicable Final Terms to account for such substitution or (ii) in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Underlying Equities; or

(b) give notice to the Noteholders in accordance with Condition 19 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

If the provisions of Condition 8.A.(b)(ii)(a) apply, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the occurrence of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

For the purposes of these Terms and Conditions:

"De-Listing" means, in respect of any relevant Underlying Equities, the relevant Exchange announces that pursuant to the rules of such Exchange, such Underlying Equities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting an Equity

Issuer (A) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them;

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

"Merger Event" means, in respect of any relevant Underlying Equities, any (a) reclassification or change of such Underlying Equities that results in a transfer of, or an irrevocable commitment to transfer, all such Underlying Equities outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of the relevant Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in any such reclassification or change of all such Underlying Equities outstanding), (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Equities of the relevant Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the relevant Equity Issuer or its subsidiaries (if any) with or into another entity in which such Equity Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities (other than those Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event, in each case if the Merger Date is on or before the relevant Valuation Date or, if the Notes are to be redeemed by delivery of Underlying Equities, the Maturity Date;

"Nationalisation" means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof; and

"Tender Offer" means, in respect of an Equity Issuer, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of such Equity Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

(iii) If Correction of Share Prices is specified as applying in the applicable Final Terms, with the exception of any corrections published after the Correction Cut-Off Date specified in the applicable Final Terms, if the price of an Underlying Equity published on a Valuation Date is subsequently corrected and the correction (the "Corrected Share Price") is published on the relevant Exchange within one Settlement Cycle after the original publication, (A) the Issuer shall give notice as soon as practicable of that correction to the Noteholders in accordance with Condition 19, (B) such Corrected Share Price shall be deemed to be the closing price for such Underlying Equity for that Valuation Date (C) and the Calculation Agent shall use such Corrected Share Price in determining the relevant Interest Amount and/or Redemption Amount. Corrections published after the Correction Cut-Off Date will be disregarded by the Calculation

Agent for the purposes of determining the relevant Interest Amount and/or Redemption Amount.

(iv) In respect of Equity Linked Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Calculation Agent will adjust any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition 8.A.(b)(iv) will affect the currency denomination of any payments in respect of the Notes.

(c) Definitions applicable to Equity Linked Notes

For the purposes of this Condition 8.A.:

"Clearance System" means, in respect of an Underlying Equity, the principal domestic clearance system customarily used for settling trades in such Underlying Equity.

"Clearance System Business Day" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in such Clearance System being unable to clear the transfer of the relevant Underlying Equity, would have been) open for the acceptance and execution of settlement instructions.

"Disrupted Day" means, in respect of an Underlying Equity, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"Equity Issuer" means, in respect of an Underlying Equity, the issuer of such Underlying Equity specified in the applicable Final Terms.

"Exchange" means, in respect of an Underlying Equity, each exchange or quotation system specified as such for such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).

"Exchange Business Day" means, in respect of an Underlying Equity, any Scheduled Trading Day on which each Exchange and each Related Exchange for such Underlying Equity is open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Market Disruption Event" means, in respect of an Underlying Equity:

(a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:

(i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:

(A) relating to the Underlying Equity on the Exchange; or

(B) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or

(ii) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Underlying Equities on the Exchange, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Underlying Equity on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

(b) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"Redemption Amount" means, in relation to an Equity Linked Redemption Note an amount per Calculation Amount calculated by the Calculation Agent equal to:

(a) in the case of an Equity Linked Redemption Note where Call Performance is specified as the Equity Linked Redemption Type in the applicable Final Terms:

(i) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is greater than the Strike Price:

$$\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Calculation Amount per}$$

(ii) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is equal to or less than the Strike Price:

100 per cent. x Calculation Amount; or

(b) in the case of an Equity Linked Redemption Note where Put Performance is specified as the Equity Linked Redemption Type in the applicable Final Terms:

(i) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is less than the Strike Price:

$$\left\{100 + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}}\right\} \text{percent.} \times \text{Calculation Amount per}$$

(ii) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Redemption Note in the applicable Final Terms, is equal to or greater than the Strike Price:

100 per cent. x Calculation Amount;

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

"Reference Price" means, in relation to a Valuation Date:

(a) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, an amount equal to the official closing price on that Valuation Date (or, if so specified in the applicable Final Terms the price at the Valuation Time on that Valuation Date) of the Underlying Equity quoted on the Exchange without regard to any subsequently published correction as determined by the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price (or, as the case may be, no such official closing price) can be determined at such time and, if either Disrupted Day is specified as applying in the applicable Final Terms and that Valuation Date is not a Disrupted Day or if Disrupted Day is specified as not applying in the applicable Final Terms, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the fair market buying price at the Valuation Time on that Valuation Date and the fair market selling price at the Valuation Time on that Valuation Date for the Underlying Equity based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in the applicable Final Terms, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price; and

(b) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, an amount equal to the sum of the values calculated for each Underlying Equity as the official closing price on that Valuation Date (or, if so specified in the applicable Final Terms, the price at the Valuation Time on that Valuation Date) of the Underlying Equity quoted on the relevant Exchange without regard to any subsequently published correction as determined by the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price (or, as the case may be, any such official closing price) can be determined at such time and, if Disrupted Day is specified as applying in the applicable Final Terms, and that Valuation Date is not a Disrupted Day or if Disrupted Day is specified as not applying in the applicable Final Terms, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the fair market buying price at the Valuation Time (or, as the case may be, of the closing fair market buying price) on that Valuation Date and the fair market selling price at the Valuation Time (or, as the case may be, of the closing fair market selling price) on that Valuation Date for the Underlying Equity based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide), multiplied by the Multiplier specified in the applicable Final Terms. Each value determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in the applicable Final Terms, into the Specified Currency at the Exchange Rate and the sum of such converted amounts shall be the Reference Price.

"Related Exchange" means, in relation to an Underlying Equity, each exchange or quotation system specified as such in relation to such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Related Exchange), PROVIDED THAT where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Equity.

"Scheduled Closing Time" means, in respect of an Underlying Equity, an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Trading Day" means any day on which each Exchange and each Related Exchange is scheduled to be open for trading for its respective regular trading session.

"Scheduled Valuation Date" means, in relation to a Valuation Date, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been that Valuation Date.

"Settlement Cycle" means, in respect of an Underlying Equity, the period of Clearance System Business Days following a trade in such Underlying Equity on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"Strike Price" means the amount specified as such in the applicable Final Terms.

"Underlying Equities" and "Underlying Equity" mean the equity securities or units or equity security or unit specified as such in the applicable Final Terms and related expressions shall be construed accordingly.

"Valuation Date" means, unless otherwise specified in the applicable Final Terms, the date or, in the case of Equity Linked Interest Notes, each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:

(a) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, that Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be that Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or

(b) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, that Valuation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and that Valuation Date for each Underlying Equity affected (each an "Affected Equity") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight Scheduled Trading Days immediately following the

Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case (i) that eighth Scheduled Trading Day shall be deemed to be that Valuation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price using, in relation to the Affected Equity, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, using its good faith estimate of the value for the Affected Equity as of the Valuation Time on that eighth Scheduled Trading Day and otherwise in accordance with the above provisions.

"Valuation Time" means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to the Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

8.B. Fund Linked Notes

If the Notes are specified as Fund Linked Interest Notes in the applicable Final Terms then the provisions of this Condition 8.B. apply, as applicable, as modified by the applicable Final Terms.

(a) Fund Potential Adjustment Event

If Fund Potential Adjustment Events are specified as applying in the applicable Final Terms, then following the declaration by a relevant Fund, or by the relevant Fund Administrator on behalf of such Fund, of the terms of any Fund Potential Adjustment Event, the Calculation Agent will determine whether such Fund Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the relevant Fund Interests and, if so, will (a) either (A) make the corresponding adjustment, if any, to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends or distributions or liquidity (if any) relative to the relevant Fund Interest) or (B) substitute the relevant Fund Interest the subject of the Fund Potential Adjustment Event with a replacement fund interest selected by the Calculation Agent and the Calculation Agent shall determine the adjustments, if any, to be made to these Terms and Conditions and/or the applicable Final Terms to account for such substitution and (b) determine the effective date of that adjustment or substitution, as the case may be.

Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 19, stating the adjustment to the relevant Interest Amount and/or Redemption Amount, the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Fund Potential Adjustment Event.

For the purposes of this Condition 8.B.:

"Fund Potential Adjustment Event" means any of the following:

(i) a subdivision, consolidation or reclassification of any relevant Fund Interest or a free distribution or dividend of any such Fund Interests to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution, issue or dividend to existing holders of relevant Fund Interests of (1) an additional amount of such Fund Interests or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a relevant Fund equally or proportionately with such payments to holders of such Fund Interests or (3) share capital or other securities of another issuer acquired or owned (directly or indirectly) by a Fund as a result of a spin-off or other similar transaction or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;

(iii) an extraordinary dividend as determined by the Calculation Agent;

(iv) a repurchase by a Fund of relevant Fund Interests whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise other than where such repurchase is a redemption of Fund Interests initiated by an investor in such Fund Interests and consistent with the relevant Fund Documents; or

(v) any other event that may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Fund Interests.

(b) Fund Extraordinary Event

If a Fund Extraordinary Event occurs in relation to a Fund Interest or the related Fund, Fund Administrator or Fund Adviser, the Issuer, in its sole and absolute discretion may require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the relevant Interest Amount and/or any of the other terms of these Terms and Conditions of the Notes to account for the relevant Fund Extraordinary Event (which may include, without limitation, delaying any determination until it determines that no Fund Extraordinary Event exists) and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, the substitution of the Fund Interest the subject of the relevant Fund Extraordinary Event by a Replacement Fund Interest selected by the Calculation Agent or, if an appropriate Replacement Fund Interest cannot be selected, by an index which covers substantially the same geographical area as the investments in which the Fund, to which the Fund Interest the subject of such an event relates, invests, and taking into account such Fund's investment objectives, selected by the Calculation Agent, and the Calculation Agent shall determine the adjustments, if any, to be made to these Terms and Conditions of the Notes to account for such substitution.

Upon the occurrence (if applicable) of a Fund Extraordinary Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 of the Conditions stating the occurrence of the relevant Fund Extraordinary Event(s), giving details thereof and the action proposed to be taken in relation thereto.

For the purposes of this Condition 8.B.:

"Fund Extraordinary Event" means the occurrence of each of the following events, as determined by the Calculation Agent:

(i) Nationalisation: "Nationalisation" means that all the Fund Interests or all or substantially all the assets of a Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

(ii) Insolvency: "Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund, (x) all the Fund Interests of that Fund are required to be transferred to a trustee, liquidator

or other similar official or (y) holders of the Fund Interests of that Fund become legally prohibited from transferring or redeeming them;

(iii) Fund Insolvency Event: "Fund Insolvency Event" means a Fund or any other entity related to the Fund (A) is dissolved or has a resolution passed for its dissolution, winding-up or official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C) (x) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (y) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (x) above and either (1) 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 (2) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (D) 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; (E) 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 of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (F) 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 paragraphs (E) and (F) above;

(iv) NAV Trigger Event: "NAV Trigger Event" means that (x) the aggregate net asset value of a Fund has decreased by an amount equal to or greater than 30 per cent. since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or (y) a Fund has violated any leverage restriction that is applicable to, or affecting, it or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the relevant Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;

(v) Adviser Resignation Event: "Adviser Resignation Event" means the resignation, termination of appointment, or replacement of a Fund's Fund Adviser;

(vi) Fund Modification: "Fund Modification" means any change or modification of the relevant Fund Documents that could reasonably be expected to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date;

(vii) Strategy Breach: "Strategy Breach" means any breach or violation of any strategy or investment guidelines stated in the relevant Fund Documents that is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);

(viii) Regulatory Action: "Regulatory Action" means (x) the cancellation, suspension or revocation of the registration or approval of a Fund Interest or the related Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund, (y) any change in the legal, tax, accounting, or regulatory treatments of a Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of the related Fund Interest or on any investor therein (as determined by the Calculation Agent), or (z) a Fund or any of its Fund Administrator or Fund Adviser becoming subject to investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund, Fund Administrator or Fund Adviser;

(ix) Reporting Disruption: "Reporting Disruption" means (x) occurrence of any event affecting a Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest in respect of a Scheduled Fund Valuation Date, and such event continues for at least two consecutive Scheduled Fund Valuation Dates be; (y) any failure of a Fund to deliver, or cause to be delivered, (A) information that such Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, including, but not limited to, information to determine the occurrence of a Fund Extraordinary Event and the annual audited financial report and semi-annual financial report, if any, in relation to the related Fund Interests, or (B) information that has been previously delivered to the Calculation Agent, in accordance with such Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the related Fund Interests; or

(x) Fund Administrator Disruption: "Fund Administrator Disruption" means any event or circumstances compromising the independence of a Fund Administrator performing services for a Fund from the relevant Fund Adviser.

(c) Disrupted Day

In the event that either the Trade Date or any Valuation Date is a Disrupted Day, such Trade Date or Valuation Date shall be the first succeeding Scheduled Fund Valuation Date which is not a Disrupted Day provided that if each of the eight succeeding Scheduled Fund Valuation Dates immediately following such original Trade Date or Valuation Date are Disrupted Days, then the Calculation Agent shall determine its good faith estimate of the Net Asset Value for the Fund Interest for that eighth Scheduled Fund Valuation Date. Notwithstanding the above, the Calculation Agent may also determine that a Fund Extraordinary Event has occurred.

A "Disrupted Day" means either the Trade Date or a Valuation Date on which any of the following events occurs, as determined by the Calculation Agent, if the Calculation Agent determines any such event is material:

(i) Fund Valuation Disruption: "Fund Valuation Disruption" means the failure of a Scheduled Fund Valuation Date in respect of a Fund Interest to be a Fund Valuation Date in respect of such Fund Interest; and

(ii) Fund Settlement Disruption: "Fund Settlement Disruption" means a failure by a Fund on any day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Fund Interest scheduled to have been paid on or by such day according to the relevant Fund Documents (without giving effect to any gating,

deferral, suspension or other provisions permitting such Fund to delay or refuse redemption of Fund Interests).

(d) Definitions applicable to Fund Linked Notes

For the purposes of this Condition 8.B.:

"Fund" means each fund specified in the applicable Final Terms.

"Fund Administrator" means the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for a Fund according to the relevant Fund Documents.

"Fund Adviser" means any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser).

"Fund Documents" means the constitutive and governing documents, subscription agreements and other agreements of a Fund specifying the terms and conditions relating to the related Fund Interest, as amended from time to time.

"Fund Interest" means each fund interest specified in the applicable Final Terms.

"Fund Redemption Valuation Date" means, in respect of a Fund Interest, the date as of which a Fund (or its Fund Service Provider that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

"Fund Service Provider" means any person who is appointed to provide services, directly or indirectly, to a Fund, whether or not specified in the relevant Fund Documents, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

"Fund Valuation Date" means a date as of which a Fund (or its Fund Service Provider that generally determines such value) determines and publishes the value of the related Fund Interest.

"Hypothetical Investor" means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) in Fund Interests which is deemed to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding Fund Interests at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Issuer, the Calculation Agent or any of their affiliates (as determined by the Calculation Agent in the context of the relevant situation).

"Interest Amount" means, in relation to a Fund Linked Interest Note, the Interest Amount specified in the applicable Final Terms.

"Reference Price" means, in relation to a Valuation Date and a Fund Interest or a Basket of Fund Interests, an amount determined by the Calculation Agent as provided in the applicable Final Terms.

"Scheduled Fund Valuation Date" means, in respect of a Fund Interest, a date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting such Fund to delay or refuse redemption of Fund Interests), to determine and publish the value of the related Fund Interest.

"Trade Date" means the date specified in the applicable Final Terms.

"Valuation Time" means the time specified in the applicable Final Terms.

"Valuation Date" means the date or, in the case of Fund Linked Interest Notes, each date specified as such in the applicable Final Terms.

9 Additional Disruption Events

(a) Additional Disruption Events

If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:

(i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or

(ii) give notice to the Noteholders in accordance with Condition 19 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(b) Definitions applicable to Additional Disruption Events

"Additional Disruption Event" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow (applicable only for Equity Linked Notes and Index Linked Notes), Insolvency Filing (applicable only for Equity Linked Notes) and/or Loss of Stock Borrow (applicable only for Equity Linked Notes and Index Linked Notes), in each case if specified in the applicable Final Terms.

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

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines that (X) it has become illegal to hold, acquire or dispose of any relevant Underlying Equity (in the case of Equity Linked Notes), any relevant security comprised in an Index (in the case of Index Linked Notes), any relevant Fund Interest (in the case of Fund Linked Notes), any relevant commodity with respect to the Notes (in the case of Commodity Linked Notes), any relevant currency with respect to the Notes (in the case of Currency Linked Notes), any relevant asset with respect to the Inflation Index (in the case

of Inflation Linked Notes) or any relevant Reference Obligation (in the case of Credit Linked Notes) or (Y) it will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"Hedging Disruption" means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (in the case of Equity Linked Notes), the commodity price risk (in the case of Commodity Linked Notes), the currency rate risk (with respect to Currency Linked Notes), the price risk related to any security comprised in an Index (in the case of Index Linked Notes), the price risk of any relevant asset with respect to an Inflation Index (in the case of Inflation Linked Notes) the price risk of any relevant Reference Obligation (in the case of Credit Linked Notes) or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), including, in the case of Fund Linked Notes only, without limitation, where such inability or impracticability has arisen by reason of (x) any restrictions or increase in charges or fees imposed by a Fund on an investor's ability to redeem the related Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (y) any mandatory redemption, in whole or in part, of a Fund Interest imposed by a related Fund (in each case other than any restriction in existence on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date).

"Hedging Shares" means the number of Underlying Equities (in the case of Equity Linked Notes) or securities comprised in an Index (in the case of Index Linked Notes) that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (in the case of Equity Linked Notes), the commodity price risk (in the case of Commodity Linked Notes), the currency rate risk (with respect to Currency Linked Notes), the price risk related to any security comprised in an Index (in the case of Index Linked Notes), the price risk of any relevant asset with respect to an Inflation Index (in the case of Inflation Linked Notes), the price risk of any relevant Reference Obligation (in the case of Credit Linked Notes) or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Underlying Equity (in the case of Equity Linked Notes) or any security comprised in an Index (in the case of Index Linked Notes) that is greater than the Initial Stock Loan Rate.

"Initial Stock Loan Rate" means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security comprised in an Index (in the case of Index Linked Notes), the Initial Stock Loan Rate specified in relation to such Underlying Equity or security in the applicable Final Terms.

"Insolvency Filing" means that an Equity Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over

it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Equity Issuer shall not be deemed an Insolvency Filing.

"Loss of Stock Borrow" means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Underlying Equity (in the case of Equity Linked Notes) or any securities comprised in an Index (in the case of Index Linked Notes) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Maximum Stock Loan Rate" means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security comprised in an Index (in the case of Index Linked Notes), the Maximum Stock Loan Rate specified in the applicable Final Terms.

10 Inflation Linked Notes

If the Notes are specified as Inflation Linked Interest Notes and/or Inflation Linked Redemption Notes in the applicable Final Terms or if the Notes are specified as Index Linked Interest Notes where "Eurostat Harmonised Index of Consumer Prices excluding tobacco - Unrevised Series" is the relevant Index, then the provisions of this Condition 10 apply, as applicable, as modified by the applicable Final Terms.

(a) Redemption of Inflation Linked Redemption Notes

Unless previously redeemed or purchased and cancelled each nominal amount of the Notes equal to the Calculation Amount set out in the applicable Final Terms will be redeemed by the Issuer at the Redemption Amount on the Maturity Date, subject as provided below.

(b) Adjustments: Delay in Publication, Cessation of Publication, Manifest Error in Publication, Rebasing of the Index and Material Modification Prior to Relevant Payment Date

(i) Delay in Publication

If the Calculation Agent determines, in respect of an Index and a Relevant Payment Date, that the level of such Index for a Reference Month which is relevant to the calculation of a payment under the Notes (a "Relevant Level") has not been published or announced by the Relevant Determination Date for such Relevant Payment Date, the Calculation Agent shall determine the level of such Index for such Reference Month (a "Substitute Index Level") in place of such Relevant Level by using the following methodology:

(A) if applicable, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Relevant Payment Date as that taken by the calculation agent pursuant to the terms and conditions of any relevant Related Bond; or

(B) if (A) above does not result in a Substitute Index Level for the Affected Relevant Payment Date for any reason, then the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

(Substitute Index Level = Base Level x (Latest Level/Reference Level)

or otherwise in accordance with any formula or provisions specified in the applicable Final Terms.

Following the determination of a Substitute Index Level by the Calculation Agent in accordance with this Condition 10(b)(i), the Issuer shall promptly give notice to the Noteholders in accordance with Condition 19 of such Substitute Index Level.

If a Relevant Level in respect of a Relevant Payment Date is published or announced at any time after the Relevant Determination Date for such Relevant Payment Date, such Relevant Level will not be used in any calculations. The Substitute Index Level determined pursuant to this Condition 10(b)(i) will be the definitive level for that Reference Month.

For the purposes of this Condition 10(b)(i):

"Base Level" means, in respect of an Index, the level of such Index (excluding any "flash" estimates) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

"Latest Level" means, in respect of an Index, the latest level of such Index (excluding any "flash" estimates) published or announced by the relevant Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

"Reference Level" means, in respect of an Index, the level of such Index (excluding any "flash" estimates) published or announced by the relevant Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in the definition of "Latest Level" above.

(ii) Cessation of Publication

If the Calculation Agent determines that the level of an Index has not been published or announced for two consecutive months or such other period as is specified in the applicable Final Terms (the "Period of Cessation of Publication") and/or the relevant Index Sponsor announces that it will no longer continue to publish or announce such Index then the Calculation Agent shall determine a successor index (a "Successor Index") (in lieu of the relevant previously applicable Index) for the purposes of the Notes by using the following methodology:

(A) if at any time (other than after an Inflation Index Cancellation) a successor index has been designated in respect of an Index by the calculation agent pursuant to the terms and conditions of any relevant Related Bond, such successor index shall be designated the "Successor Index" for such Index for the purposes of all subsequent Relevant Payment Dates, notwithstanding that any other Successor Index may previously have been determined pursuant to paragraphs (B) or (C) below;

(B) if a Successor Index is not determined pursuant to paragraph (A) above and no Inflation Index Cancellation has occurred and a notice has been given or an announcement has been made by the relevant Index Sponsor specifying that such Index will be superseded by a replacement index specified by the relevant Index Sponsor and the Calculation Agent determines that such replacement Index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the "Successor Index" for such Index for the purposes of the Notes from the date that such Successor Index comes into effect; or

(C) if a Successor Index has not been determined under (A) or (B) above and no Inflation Index Cancellation has occurred, the Calculation Agent shall ask five leading

independent dealers to state what the replacement index for the Index should be. If between four and five responses are received and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Index". If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the "Successor Index". If fewer than three responses are received, the Calculation Agent will proceed to paragraph (D) hereof; or

(D) if a Successor Index is not determined pursuant to paragraphs (A), (B) or (C) above by the Relevant Determination Date in respect of the next succeeding Affected Relevant Payment Date, the Calculation Agent will determine an appropriate alternative index for such Affected Relevant Payment Date and such index will be deemed to be the "Successor Index" for such Index.

If a Successor Index is determined in accordance with the above, the Calculation Agent may make such adjustment(s) to these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for such replacement and determine the effective date(s) of the adjustment(s) to the Notes.

If the Calculation Agent determines that there is no appropriate alternative index, there will be deemed to be no Successor Index for such Index (an "Inflation Index Cancellation") and, on giving notice to Noteholders in accordance with Condition 19, the Issuer shall redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

Notice of the determination of a Successor Index and the date from which such index becomes the Successor Index and any relevant adjustment(s) to these Terms and Conditions and/or the applicable Final Terms or any Inflation Index Cancellation will be given to Noteholders by the Issuer in accordance with Condition 19.

(iii) Manifest Error in Publication

If, in respect of a Relevant Payment Date and a Relevant Level in respect of such Relevant Payment Date, the Calculation Agent determines that the relevant Index Sponsor has corrected such Relevant Level to remedy a manifest error in its original publication, prior to thirty days following publication of such Relevant Level for such Relevant Payment Date the Calculation Agent may use such corrected Relevant Level to calculate any payments under the Notes in respect of such Relevant Payment Date. Corrections published on or after thirty days following publication of such Relevant Level for such Relevant Payment Date will be disregarded by the Calculation Agent for the purposes of determining any payments under the Notes.

Notice of any such correction pursuant to this Condition 10(b)(iii) shall be given to Noteholders in accordance with Condition 19.

(iv) Rebasing of the Index

If the Calculation Agent determines that an Index has been or will be rebased at any time, such Index as so rebased (the "Rebased Index") will be used for purposes of determining any Relevant Level in respect of such Index from the date of such rebasing; provided, however, that the Calculation Agent shall make (A) such adjustments as are made by the calculation agent pursuant to the terms and conditions of any relevant Related Bond to the levels of such Rebased Index so that such Rebased Index levels reflect the same rate of inflation as the Index before it was rebased and/or (B) if there is no Related Bond, the Calculation Agent shall make such

adjustments to the levels of such Rebased Index so that such Rebased Index levels reflect the same rate of inflation as the relevant Index before it was rebased and, in each case, the Issuer may make such adjustment(s) to these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for such rebasing and determine the effective date of the adjustment(s) to the Notes. For the avoidance of doubt, any such rebasing shall not affect prior payments made under the Notes.

Notice of any adjustment or determination pursuant to this Condition 10(b)(iv) shall be given to Noteholders in accordance with Condition 19.

(v) Material Modification Prior to Relevant Payment Date

If, on or prior to the Relevant Determination Date in respect of any Relevant Payment Date, an Index Sponsor announces that it will make a material change to an Index, the Calculation Agent shall (A) make appropriate adjustment(s) to these Terms and Conditions and/or the applicable Final Terms, consistent with any adjustments made to any relevant Related Bond as the Calculation Agent determines necessary or appropriate to account for such change to such Index and determine the effective date(s) of the adjustment(s) to the Notes, or (B) if there is no relevant Related Bond make only those adjustments to the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary for the modified Index to continue as an Index.

Notice of any adjustment pursuant to this Condition 10(b)(v) shall be given to Noteholders in accordance with Condition 19.

(c) For the purposes of this Condition 10:

"Affected Relevant Payment Date" means each Relevant Payment Date in respect of which an Index has not been published or announced.

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

"Index" or "Indices" means the index or indices specified in the applicable Final Terms or any Successor Index as nominated pursuant to these Terms and Conditions.

"Index Sponsor" means, in relation to an Index, the entity that publishes or announces (directly or through an agent) the level of such Index.

"Redemption Amount" means, in relation to an Inflation Linked Redemption Note an amount per Calculation Amount calculated by the Calculation Agent equal to:

(a) in the case of an Inflation Linked Redemption Note where Call Performance is specified as the Inflation Linked Redemption Type in the applicable Final Terms:

(i) if the Reference Price, in relation to the Valuation Date specified for such Inflation Linked Redemption Note in the applicable Final Terms, is greater than the Strike Price:

$$\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Calculation Amount per}$$

(ii) if the Reference Price, in relation to the Valuation Date specified for such Inflation Linked Redemption Note in the applicable Final Terms, is equal to or less than the Strike Price:

100 per cent. x Calculation Amount; or

(b) in the case of an Inflation Linked Redemption Note where Put Performance is specified as the Inflation Linked Redemption Type in the applicable Final Terms:

(i) if the Reference Price, in relation to the Valuation Date specified for such Inflation Linked Redemption Note in the applicable Final Terms, is less than the Strike Price:

$$\left\{100 + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}}\right\} \text{percent} \times \text{Calculation Amount per}$$

(ii) if the Reference Price, in relation to the Valuation Date specified for such Inflation Linked Redemption Note in the applicable Final Terms, is equal to or greater than the Strike Price:

100 per cent. x Calculation Amount;

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

"Reference Month" means, in respect of an Index, the calendar month for which the level of such Index was reported, regardless of when this information is published or announced. If the period for which the Index level was reported is a period other than a month, the Reference Month shall be the period for which the Index level was reported.

"Reference Price" means, in relation to the Relevant Determination Date, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official level of the Index as determined by the Calculation Agent on the Relevant Determination Date.

"Related Bond" means, in respect of an Index, the bond specified as such in the applicable Final Terms or, if no bond is so specified, the Fallback Bond. If the relevant Related Bond specified in the applicable Final Terms is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If "Related Bond: Not Applicable" or no Related Bond is specified in the applicable Final Terms and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Final Terms and that bond redeems or matures before the Maturity Date, unless "Fallback Bond: Not

Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination.

"Relevant Determination Date" means, in respect of a Relevant Payment Date, the related Valuation Date.

"Relevant Payment Date" means each date specified as such in the applicable Final Terms or if none is so specified, each Interest Payment Date (if any) and/or the Maturity Date, as the case may be.

"Valuation Date" means the date specified in the applicable Final Terms.

11 Credit Linked Notes

If the Notes are specified as Credit Linked Notes in the applicable Final Terms then the provisions of this Condition 11 apply as modified by the applicable Final Terms.

Unless otherwise stated in this Condition 11 or in the applicable Final Terms, in the event that any day specified in the section "*Credit Linked Notes*" in the applicable Final Terms or the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such day or last day shall be subject to adjustment in accordance with the applicable Business Day Convention.

(a) Redemption of Credit Linked Notes

Unless previously redeemed or purchased and cancelled and subject as provided in Condition 11(b) and Condition 11(c), as applicable, each nominal amount of Notes equal to the Calculation Amount set out in the applicable Final Terms will be redeemed by the Issuer at its Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) Auction Settlement

If Conditions to Settlement are satisfied, then where Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Issuer shall give notice (such notice an "Auction Settlement Notice") to the Noteholders in accordance with Condition 19 and, subject to any adjustment in accordance with Condition 11(l), redeem all but not some only of the Notes, each nominal amount of Notes equal to the Calculation Amount set out in the applicable Final Terms being redeemed by the Issuer at the Credit Event Redemption Amount in the relevant Specified Currency on the Credit Event Redemption Date.

Unless settlement has occurred in accordance with the paragraph above, if:

(i) an Auction Cancellation Date occurs;

(ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraph (b) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);

(iii) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date;

(iv) a Credit Event Determination Date was determined pursuant to paragraph (a) of the definition of Credit Event Determination Date and no Credit Event Resolution Request Date has occurred

on or prior to the date falling three Business Days after such Credit Event Determination Date; or

(v) a Credit Event Determination Date was determined pursuant to paragraph (b)(B)(I) or (b)(B)(II) of the definition of Credit Event Determination Date,

then:

the Issuer shall redeem the Notes in accordance with Condition 11(d) below.

If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 11(b), upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Calculation Amount of a Note. Any shortfall shall be borne by the Holder and no liability shall attach to the Issuer or the Guarantor.

(c) Cash Settlement

If Conditions to Settlement are satisfied, then the Issuer shall give notice (such notice a "Cash Settlement Notice") to the Noteholders in accordance with Condition 19 and redeem all but not some only of the Notes, each nominal amount of Notes equal to the Calculation Amount set out in the applicable Final Terms being redeemed by the Issuer at the Credit Event Redemption Amount in the relevant Specified Currency on the Credit Event Redemption Date.

If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 11(c), upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Calculation Amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer or the Guarantor.

(d) Repudiation/Moratorium Extension

If Repudiation/Moratorium is specified as a Credit Event in the applicable Final Terms, the provisions of this Condition 11(d) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time) but, in the determination of the Calculation Agent, the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Termination Date or, if Condition 11(g)(y) applies, the Postponed Maturity Date (as defined in Condition 11(g)) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the sole determination of the Calculation Agent, fall after the Scheduled Termination Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition 19 that a Potential Repudiation/Moratorium has occurred and:

(i) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:

(A) each nominal amount of Notes equal to the Calculation Amount will be redeemed by the Issuer at the Redemption Amount on the fifth Business Day following the Repudiation/Moratorium Evaluation Date; and

(B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and

(ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied, the provisions of Condition 11(b) and Condition 11(c), as applicable, shall apply to the Notes.

The Luxembourg Stock Exchange will be notified in respect of any such postponement of the Maturity Date pursuant to this Condition 11(d).

(e) Grace Period Extension

If "Grace Period Extension" is specified as applying in the applicable Final Terms, the provisions of this Condition 11(e) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time) but, in the determination of the Calculation Agent, a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time) (and such Grace Period(s) is/are continuing as at the Scheduled Termination Date), then the Calculation Agent shall notify the Noteholders in accordance with Condition 19 that a Potential Failure to Pay has occurred and:

(i) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:

(A) each nominal amount of Notes equal to the Calculation Amount will be redeemed by the Issuer at the Redemption Amount on the fifth Business Day following the Grace Period Extension Date; and

(B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and

(ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied, the provisions of Condition 11(b) or Condition 11(c), as applicable, shall apply to the Notes.

The Luxembourg Stock Exchange will be notified in respect of such postponement of the Maturity Date pursuant to this Condition 11(e).

(f) Credit Derivatives Determinations Committee Extension

If, in the determination of the Calculation Agent, a Potential Credit Event has occurred and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled

Termination Date (determined by reference to the Relevant Time) then the Calculation Agent shall notify Noteholders in accordance with Condition 19 that the Maturity Date has been postponed to a date (the "DC Cut-off Date") being the earliest of: (i) 15 Business Days following the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred; (ii) the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred and (iii) 15 Business Days following the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine whether a Credit Event has occurred and:

(i) where a Credit Event has not occurred on or prior to the DC Cut-off Date:

(A) each nominal amount of Notes equal to the Calculation Amount will be redeemed by the Issuer at the Redemption Amount on the fifth Business Day following the DC Cut-off Date; and

(B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date or if none the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the DC Cut-off Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

(ii) where a Credit Event has occurred on or prior to the DC Cut-off Date and Conditions to Settlement are satisfied, the provisions of Condition 11(b) or Condition 11(c), as applicable, shall apply to the Notes.

The Luxembourg Stock Exchange will be notified in respect of such postponement of the Maturity Date pursuant to this Condition 11(f).

(g) Maturity Date Extension

Without prejudice to Condition 11(h), if:

(x) on (A) the Scheduled Termination Date, (B), if applicable, the Repudiation/Moratorium Evaluation Date or (C) if Grace Period Extension is specified as applying in the applicable Final Terms, the Grace Period Extension Date, Conditions to Settlement have not been satisfied but, in the determination of the Calculation Agent, a Credit Event may have occurred; or

(y) on the Scheduled Termination Date, in the determination of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Noteholders in accordance with Condition 19 that the Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, has been postponed to a date (such date the "Postponed Maturity Date") specified in such notice falling 15 Business Days after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, and:

where:

(i) in the case of Condition 11(g)(x), Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date or, in the case of Condition 11(g)(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:

(A) subject as provided below, each nominal amount of Notes equal to the Calculation Amount will be redeemed by the Issuer at the Redemption Amount on the fifth Business Day following the Postponed Maturity Date; and

(B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

(ii) where:

(A) in the case of Condition 11(g)(x), Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 11(b) or Condition 11(c), as applicable, shall apply to the Notes; or

(B) in the case of Condition 11(g)(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 11(d) shall apply to the Notes.

The Luxembourg Stock Exchange will be notified in respect of any such postponement of the Maturity Date pursuant to this Condition 11(g).

(h) Settlement Suspension

(i) Suspension

Without prejudice to Condition 11(g) above, if, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event Determination Date but prior to, the extent applicable, a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, the Calculation Agent may, at its option, determine that the applicable timing requirements of this Condition 11 and the definitions of Credit Event Redemption Date, Valuation Date, and any other provision in this Condition 11 as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "Suspension Period") until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (A) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (B) not to determine such matters, the relevant timing requirements of this Condition 11 that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (x) such consequential or other adjustment(s) or determination(s) to or in relation to these Terms and Conditions as may be desirable or required either during or following any relevant Suspension

Period to account for or reflect such suspension and (y) determine the effective date of such adjustment(s) or determination(s).

(ii) Interest

In the case of interest bearing Notes:

(A) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period during which a Suspension Period exists; and

(B) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Interest Payment Date and no later than the fifth Interest Payment Date following the end of the Suspension Period, all subject to the provisions of Condition 3 and Conditions 11(d), (e) and (f).

(i) Redemption following a Merger Event

If "Merger Event" is specified as applying in the applicable Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with Condition 19 and redeem all but not some only of the Notes and pay in respect of each nominal amount of the Notes equal to the Calculation Amount the Early Redemption Amount on the Merger Event Redemption Date.

(j) Definitions applicable to Credit Linked Notes

"2.5-year Limitation Date" has the meaning given to that term in the definition of "Limitation Date".

"5-year Limitation Date" has the meaning given to that term in the definition of "Limitation Date".

"20-year Limitation Date" has the meaning given to that term in the definition of "Limitation Date".

"2005 Matrix Supplement" means the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions as published by ISDA on 7th March, 2005.

"Accreted Amount" means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified as being applicable in the applicable Final Terms. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any

amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

"Accreting Obligation" means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

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

"Auction" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Cancellation Date" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Covered Transaction" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Final Price" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Final Price Determination Date" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Settlement Date" shall mean the date that is the number of Business Days as shall be specified in the relevant Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date or any other date specified in the applicable Final Terms.

"Auction Settlement Notice" has the meaning given to that term in Condition 11(b).

"Bankruptcy" means a 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 or composition with or for the benefit of its creditors;

(d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar 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 or before the Scheduled Termination Date, whichever is earlier;

(e) has a resolution passed for its winding-up, official management 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 30 calendar days thereafter or before the Scheduled Termination Date, whichever is earlier; or

(h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

"Best Available Information" means:

(i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

(ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

Information which is made available more than fourteen calendar days after the legally effective date of the Succession Event shall not constitute "Best Available Information".

"Calculation Agent City Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the applicable Final Terms.

"Cash Settlement Notice" has the meaning given to that term in Condition 11(c).

"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, 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 if a Reference

Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer 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, fiscal agent, 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".

"Conditions to Settlement" means the requirements set out in each of (a) and (b), as applicable, below:

(a) all of the Conditions to Settlement shall be deemed to be satisfied by the occurrence of a Credit Event Determination Date except where such Credit Event Determination Date is subsequently reversed prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Event Redemption Date or the Maturity Date, as applicable; and

(b) if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information Condition to Settlement is satisfied if either (i) the Calculation Agent delivers to the Issuer a Notice of Publicly Available Information that is effective during one of the periods specified in paragraph (a) of the definition of Credit Event Determination Date or (ii) ISDA publicly announces on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event for purposes of the relevant Notes has occurred with respect to the relevant Reference Entity or Obligation thereof.

"Convertible Obligation" means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

"Credit Derivatives Auction Settlement Terms" means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

"Credit Derivatives Determinations Committees" and each a "Credit Derivatives Determinations Committee" means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the "Rules").

"Credit Event" means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Final Terms.

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 a 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:

(a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in paragraph (b) of the definition of Repudiation/Moratorium), as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date; or

(b) otherwise, the date that is 60 calendar days prior to the earlier of:

(i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer during the Notice Delivery Period; and

(ii) in circumstances where:

(A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraph (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules;

(B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters; and

(C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters,

the Credit Event Resolution Request Date.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"Credit Event Determination Date" means, in respect of any Credit Event:

(a) subject to subsection (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer during either:

(A) the Notice Delivery Period; or

(B) the period (I) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date (II) to, and including, the date that is fourteen 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 Notice Delivery Period (including prior to the Trade Date)); or

(b) notwithstanding paragraph (a) above, if a DC Credit Event Announcement has occurred, either:

(A) the Credit Event Resolution Request Date, if

(I) either:

(1) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms; or

(2) the relevant Credit Event is a Restructuring; and

(II) the Credit Event Notice is delivered by the Calculation Agent to the Issuer on or prior to the date falling two Business Days after the Exercise Cut-off Date; or

(B) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Issuer during (I) the Notice Delivery Period or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fourteen 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 Notice Delivery Period (including prior to the Trade Date)), if either:

(I) Auction Settlement is not specified as the applicable Settlement Method in the applicable Final Terms; or

(II) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms and the Credit Event Notice is delivered by the Calculation Agent to the Issuer on a date that is later than the date falling two Business Days after the relevant Exercise Cut-off Date,

provided that, in the case of paragraph (b) above, (1) this shall be subject to any adjustment in accordance with Condition 11(k) and (2) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date; and

provided further that no Credit Event Determination Date will occur, and any Credit 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 Credit Event Redemption Date or the Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant Reference Entity or Obligation thereof.

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior

to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to this Condition 11 (including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of Noteholders as would have prevailed had a Credit Event Determination Date occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s).

"Credit Event Notice" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after the Credit Backstop Date Time (determined by reference to the Relevant Time) and on or prior to the Extension Date (determined by reference to the Relevant Time).

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. A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition 19.

"Credit Event Redemption Amount" means the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$\left(A \times B\right) - C$$

where:

"A" is the Calculation Amount;

"B" is the Final Price or the Auction Final Price, as applicable; and

"C" is Unwind Costs,

provided that in no event shall the Credit Event Amount be less than zero.

"Credit Event Redemption Date" means, subject to Condition 11(h), the day falling the number of Business Days specified in the applicable Final Terms after (i) the calculation of the Final Price, (ii) the Auction Settlement Date or (iii) any other date specified in the applicable Final Terms, as applicable.

"Credit Event Resolution Request Date" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

(a) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof; and

(b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in paragraphs (a) and (b) above.

As at the date hereof, the Rules provide that each "Eligible Market Participant" (being each party which is a party to a credit derivatives transaction that have, or are deemed to have incorporated the

March 2009 Supplement or the July 2009 Supplement in a confirmation) is permitted to deliver such a notice to ISDA pursuant to the Rules.

"DC Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to the Relevant Time) and on or prior to the Extension Date (determined by reference to the Relevant Time). A DC Credit Event Announcement will be deemed not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

"DC Cut-off Date" has the meaning given to that term in Condition 11(f).

"DC No Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event with respect to such Reference Entity (or an Obligation thereof).

"DC Resolution" has the meaning set out in the Rules.

"Default Requirement" means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, USD10,000,000, or its equivalent as calculated by the Calculation Agent 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 Qualifying Guarantee, transfer of the benefit of the Qualifying 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 and interest in the relevant Deliverable Obligation(s) to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) provided that to the extent that the relevant Deliverable Obligation(s) consists of Direct Loan Participations, "Deliver" means to create (or procure the creation) of a participation in favour of the relevant Noteholder and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, "Deliver" means to Deliver both the Qualifying Guarantee and the Underlying Obligation. "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.

"Deliverable Obligation" means, subject as provided in Condition 11(c):

(a) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "(A) Method for Determining Deliverable Obligations" below (but excluding any Excluded Deliverable Obligation specified in the applicable Final Terms) that (i) is payable in an amount

equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above)) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

(b) subject to the second paragraph of the definition of "Not Contingent" in "*(A) Method for Determining Deliverable Obligations*" below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;

(c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and

(d) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Final Terms.

(A) *Method for Determining Deliverable Obligations*. For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to (B)(3) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

(1) "Deliverable Obligation Category" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligations, the definition of "Reference Obligations Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).

(2) "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), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:

(i) "Not Contingent" means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Deliverable Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) of paragraph (i) above have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

(ii) "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 of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;

(iii) "Consent Required Loan" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such loan) or any agent;

(iv) "Direct Loan Participation" means a Loan in respect of which, pursuant to a participation agreement, the 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 or the Guarantor, as the case may be, (to the extent that the Issuer or the Guarantor, as applicable, is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

(v) "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 United States Securities 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); or

(b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;

(vi) "Maximum Maturity" means an obligation that has a remaining maturity from the Settlement Date of not greater than the period specified in the applicable Final Terms;

(vii) "Accelerated or Matured" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, 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; and

(viii) "Not Bearer" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.

(B) Interpretation of Provisions.

(1) If the Obligation Characteristic "Listed" is specified in the applicable Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;

(2) if (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Final Terms, the 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 (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required

Loan" or "Direct Loan Participation" is specified in the applicable Final Terms, the 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 shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;

(3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, 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; and

(4) in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:

(i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.

(ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.

(iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the applicable Final Terms.

(iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

(v) For 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.

(vi) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in these Terms and Conditions, including without limitation, the definitions of "Cash Settlement Amount" and "Quotation Amount" in Condition 11(j)), when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

For the avoidance of doubt, the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

"Deliverable Obligation Terms" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

"Delivery Date" means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

"Domestic Currency" means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is specified in the applicable Final Terms, the Domestic Currency shall be 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 relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

"Downstream Affiliate" means an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date or the time of identification of a Substitute Reference Obligation (as applicable), whose outstanding Voting Shares are more than 50 per cent. owned, directly or indirectly, by the Reference Entity. "Voting Shares" shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"Due and Payable Amount" means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation, the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

"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) below); 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 or at least U.S.$500 million;

(b) an Affiliate of an entity specified in the preceding sub-paragraph (a);

(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 obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.$100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.$100 million; or

(ii) that has total assets of at least U.S.$500 million; 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-paragraphs (a), (b), (c)(ii) or (d); or

(d) a Sovereign, Sovereign Agency or Supranational Organisation;

All references in this definition to U.S.$ include equivalent amounts in other currencies.

"Enabling Obligation" means an outstanding Deliverable Obligation that (i) is a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (ii) has a final maturity date occurring on or prior to the Scheduled Termination Date and following the Limitation Date immediately preceding the Scheduled Termination Date (or, in circumstances where the Scheduled Termination Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

"Equity Securities" means:

(a) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and

(b) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

"Exchangeable Obligation" means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

"Excluded Deliverable Obligation" means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

"Excluded Obligation" means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

"Exercise Cut-off Date" means, with respect to a Credit Event:

(a) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, such Restructuring has occurred and neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and

Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms), 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 21 calendar days following the No Auction Announcement Date, if any,

as applicable; or

(b) if such Credit Event is a Restructuring and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and:

(i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or

(ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date.

"Extension Date" means the latest of:

(a) the Scheduled Termination Date;

(b) the Grace Period Extension Date if (i) "Grace Period Extension" is specified as applying in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Termination Date (determined by reference to the Relevant Time), and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time); and

(c) the Repudiation/Moratorium Evaluation Date if (i) "Repudiation Moratorium" is specified as a Credit Event in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Termination Date (determined by reference to the Relevant Time), (iii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time) and (iv) the Repudiation/Moratorium Extension Condition is satisfied.

"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 a 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.

"Fallback Settlement Method" means, with respect to any Notes for which Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms, the fallback settlement method specified in the applicable Final Terms.

"Final List" has the meaning set out in the Rules.

"Final Price" means the price of the relevant Reference Obligation(s), as the case may be, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms or, where applicable, Condition 11(k). The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Agent and, for so long as the Notes are listed on the Luxembourg Stock Exchange at the office of the Paying Agent in Luxembourg (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

"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 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. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of "Fully Transferable Obligation". For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of "Fully Transferable Obligation", such determination shall be made as of the Delivery Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer or the Guarantor, as the case may be.

"Governmental Authority" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"Grace Period" means:

(a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under 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 applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time), the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, 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 applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Termination 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 and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

"Grace Period Extension Date" means, if:

(a) Grace Period Extension is specified as applying in the applicable Final Terms; and

(b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time),

the date falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

"ISDA" means the International Swaps and Derivatives Association, Inc.

"Latest Maturity Restructuring Bond or Loan" has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

"Limitation Date" means the first of 20th March, 20th June, 20th September or 20th December 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 (the "5-year Limitation Date"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "20-year Limitation Date"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless it is specified in the applicable Final Terms that Limitation Dates will be adjusted in accordance with a specified Business Day Convention.

"London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

"Market Value" means, with respect to a 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 and a Weighted Average Quotation is obtained, such Weighted Average Quotation;

(e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and

(f) if two or more Full Quotations or a Weighed Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

"Merger Event" means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Termination Date the Guarantor 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 Guarantor, as applicable, or the Guarantor and a Reference Entity become Affiliates.

"Minimum Quotation Amount" means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) U.S.$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

"Modified Eligible Transferee" means any bank, financial institution or other entity which is regularly engaged in an established for the purpose of making, purchasing or investing in loans, securities 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 Termination Date, provided that, in circumstances where the Scheduled Termination Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Where

"Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and the Scheduled Termination Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Termination Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

Subject to the foregoing, in the event that the Scheduled Termination Date is later than (A) the 2.5 year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Termination Date.

"Movement Option" means, where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms, and where a No Auction Announcement Date has occurred pursuant to paragraph (b) of the definition of No Auction Announcement Date, the option of the Issuer to apply to the Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for the purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could be specified in a notice delivered by the Calculation Agent to the Issuer indicating Physical Settlement, if Physical Settlement had been possible under the Notes (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 no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the Notes will be settled in

accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Noteholders in accordance with Condition 19.

"Movement Option Cut-off Date" means the date that is six Relevant City Business Days following the Exercise Cut-off Date.

"No Auction Announcement Date" means, with respect to a Credit Event, the date on which ISDA 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 a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms only, 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 ISDA to the contrary.

"Notice Delivery Period" means the period from and including the Trade Date to and including the date that is fourteen calendar days after the Extension Date.

"Notice of Publicly Available Information" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) 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. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, 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. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Condition 11(o).

"Notice to Exercise Movement Option" means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, a notice from the Issuer to the Calculation Agent that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

"Obligation" means:

(a) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below (but excluding any Excluded Obligation);

(b) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and

(c) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

Method for Determining Obligations. For the purposes of paragraph (a) of this definition of "Obligation", the term "Obligation" may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA 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 Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, where:

(1) "Payment" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;

(2) "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);

(3) "Reference Obligations Only" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;

(4) "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 security or other debt security and shall not include any other type of Borrowed Money;

(5) "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; and

(6) "Bond or Loan" means any obligation that is either a Bond or a Loan.

(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 specified in the applicable Final Terms, where:

(1) "Not Subordinated" means an obligation that is not Subordinated to (1) the most senior Reference Obligation in priority of payment or, (2) if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity provided that, if any of the events set forth under paragraph (a) of the definition of Substitute Reference Obligation has occurred with respect to all of the Reference Obligations or if the final paragraph of the definition of Successor is applicable with respect to the Reference Obligation (each, in each case, a "Prior Reference Obligation") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation

satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;

(a) "Subordination" means, with respect to an obligation (the "Subordinated Obligation") and another obligation of the Reference Entity to which such obligation is being compared (the "Senior Obligation"), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain 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 Senior Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement 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;

(2) "Specified Currency" means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies 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 currencies shall be referred to collectively in the applicable Final Terms as the "Standard Specified Currencies");

(3) "Not Sovereign Lender" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";

(4) "Not Domestic Currency" means any obligation that is payable in any currency other than the Domestic Currency;

(5) "Not Domestic Law" means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;

(6) "Listed" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and

(7) "Not Domestic Issuance" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or 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 relevant Reference Entity) shall be deemed not to be intended 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 or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

"Obligation Currency" means the currency or currencies in which the 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 a Reference Entity under one or more Obligations.

"Outstanding Principal Balance" means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation:

(a) with respect to any Accreting Obligation, the Accreted Amount thereof; and

(b) with respect to any other obligation, the outstanding principal balance of such obligation,

PROVIDED THAT with respect to any Exchangeable Obligation that is not an Accreting Obligation, "Outstanding Principal Balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

"Parallel Auction" means "Auction" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Cancellation Date" means "Auction Cancellation Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Final Price Determination Date" means "Auction Final Price Determination Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Date" means "Auction Settlement Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Terms" means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction and (ii) the Reference Transaction would not be an Auction Covered Transaction.

"Payment Requirement" means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Final Terms, U.S.$1,000,000, or its equivalent as calculated by the Calculation Agent in the

relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

"Permissible Deliverable Obligations" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

"Permitted Currency" means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

"Potential Credit Event" means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if a Credit Event Resolution Request Date has occurred and the relevant Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. A Credit Derivatives Determinations Committee and the Calculation Agent may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred.

"Potential Failure to Pay" means the failure by a 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, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

"Potential Repudiation/Moratorium" means the occurrence of an event described in paragraph (i) of the definition of Repudiation/Moratorium.

"Public Source" means each source of Publicly Available Information specified as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (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:

(a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:

(i) has been published in or not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer, the Guarantor or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the

Calculation Agent or the Issuer, the Guarantor or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation;

(ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or

(iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or

(iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

(b) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to such Obligation.

(c) In relation to any information of the type described in paragraphs (a)(i), (ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing 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.

(d) Publicly Available Information need not state:

(i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and

(ii) that such occurrence:

(A) has met the Payment Requirement or Default Requirement;

(B) is the result of exceeding any applicable Grace Period; or

(C) has met the subjective criteria specified in certain Credit Events.

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

"Qualifying Guarantee" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the "Underlying Obligation") for which another party is the obligor (the "Underlying Obligor") and that is not at the time of the Credit Event Subordinated to any unsubordinated Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to the Underlying Obligor). Qualifying Guarantees shall exclude any arrangement structured as a surety bond, financial guarantee

insurance policy, letter of credit or equivalent legal arrangement. The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

"Qualifying Participation Seller" means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

"Quotation" means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

(a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth 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 tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

(b) If "Include Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;

  (i) if "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and

  (ii) if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.

(c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

"Quotation Amount" means the amount specified as such in the applicable Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Final Terms, the Aggregate Nominal Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

"Quotation Dealer" means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained including each Quotation Dealer specified in the applicable Final Terms. If no

Quotation Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers. 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 Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

"Quotation Method" means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

(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.

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

"Redemption Amount" means, in relation to an Credit Linked Note, the Redemption Amount specified in the applicable Final Terms.

"Reference Entity" means the entity or entities specified as such in the applicable Final Terms. Any Successor to a Reference Entity either (a) identified pursuant to the definition of "Successor" in this Condition 11(k) on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the purposes of the relevant Series.

"Reference Obligation" means each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.

"Reference Transaction" means a hypothetical credit derivative transaction:

(a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as in respect of the Notes (if such Deliverable Obligation Terms and Reference Obligation are specified in the applicable Final Terms) or (ii) if and to the extent the Deliverable Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity;

(b) with a scheduled termination date matching the Scheduled Termination Date of the Notes; and

(c) otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to the Notes.

"Relevant City Business Day" has the meaning set out in the Rules.

"Relevant Obligations" means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the

Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

"Relevant Time" means Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement) Tokyo time.

"Representative Amount" means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

"Repudiation/Moratorium" means the occurrence of both of the following events:

(i) an authorised officer of a Reference Entity or a Governmental Authority:

(x) 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

(y) 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

(ii) 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 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 Termination Date (determined by reference to the Relevant Time) (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) 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 (ii) 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 Termination Date unless the Repudiation/Moratorium Extension Condition is satisfied.

"Repudiation/Moratorium Extension Condition" will be satisfied:

(i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Termination 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 relevant Reference Entity and that such event occurred on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time); or

(ii) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available is specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Termination Date.

In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the

date that is fourteen calendar days after the Scheduled Termination Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitutes a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Termination Date (determined by reference to the Relevant Time).

As at the date hereof, the Rules provide that each "Eligible Market Participant" (being each party which is a party to a credit derivatives transaction that have, or are deemed to have incorporated the March 2009 Supplement or the July 2009 Supplement in a confirmation) is permitted to deliver such a notice to ISDA pursuant to the Rules.

"Repudiation/Moratorium Extension Notice" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or after the Trade Date and on or prior to the Scheduled Termination Date (determined by reference to the Relevant Time). 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" has the meaning set out in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

"Restructured Bond or Loan" means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

"Restructuring"or "Restructuring Credit Event" means, 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 a Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all the holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date applicable to the relevant Notes and (ii) the date as of which such Obligation is issued or incurred:

(i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;

(ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;

(iii) 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;

(iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or

(v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

(a) the payment in euro of interest or principal 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;

(b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

(c) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring and Condition 11(l), the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity."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 Termination Date, provided that, in circumstances where the Scheduled Termination Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. 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 Termination Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

In the event that the Scheduled Termination Date is later than (i)(A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Termination Date.

"Rules" has the meaning given to that term in the definition of "Credit Derivatives Determinations Committee" above.

"Settlement Currency" means the currency specified as such in the applicable Final Terms, or if no currency is specified in the applicable Final Terms, the Specified Currency of the Notes.

"Settlement Method" means, if (a) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Auction Settlement, or (b) Cash Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Cash Settlement,.

"Sovereign" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.

"Sovereign Agency" means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

"Sovereign Restructured Deliverable Obligation" means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to paragraph (3) of "(B) Interpretation of Provisions" in the definition of "Deliverable Obligation", having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

"Specified Number" means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two.

"Substitute Reference Obligation" means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations in respect of such Reference Entity, identified by the Calculation Agent in accordance with the following procedures:

(a) In the event that:

(i) a Reference Obligation in respect of such Reference Entity is redeemed in whole; or

(ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation in respect of such Reference Entity have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation in respect of such Reference Entity 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 other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation in respect of a Reference Entity is no longer an obligation of such Reference Entity,

the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation in respect of a Reference Entity.

(b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (iii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.

(c) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all such Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each such Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.

(d) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all such Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

(e) If:

(i) more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all such Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of such Reference Obligations; or

(ii) only one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Extension Date. If (A) either (i) Cash Settlement is specified as the Settlement Method in the applicable Final Terms (or is applicable pursuant to the Fallback Settlement Method) and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or (ii) either Auction Settlement is specified as the Settlement Method in the applicable Final Terms and, in each case, the Reference Obligation is the only Deliverable Obligation and (B) on or prior to the Extension Date (determined by reference to the Relevant Time), a Substitute Reference Obligation has not been identified, the obligations of the Issuer under the Notes shall cease as of the end of the day on the Extension Date (determined by reference to the Relevant Time).

(f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"Succession Event" means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such

exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to the Relevant Time) applicable to the relevant Series.

"Succession Event Backstop Date" means:

(i) for purposes of any event that constitutes a Succession Event, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to the Relevant Time); or

(ii) otherwise, the date that is 90 calendar days prior to the earlier of:

(A) the date on which the Succession Event Notice is effective; and

(B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Succession Event Notice is delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date.

The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless specified in the applicable Final Terms that the Succession Event Backstop Date will be adjusted in accordance with a specified Business Day Convention.

"Succession Event Notice" means a notice from the Calculation Agent to the Issuer that describes a Succession Event that occurred on or after the Succession Event Backstop Date (determined by reference to the Relevant Time).

A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s).

"Succession Event Resolution Request Date" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

(a) whether an event that constitutes a Succession Event for purposes of a Series has occurred with respect to the relevant Reference Entity; and

(b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

As at the date hereof, the Rules provide that each "Eligible Market Participant" (being each party which is a party to a credit derivatives transaction that have, or are deemed to have incorporated the March 2009 Supplement or the July 2009 Supplement in a confirmation) is permitted to deliver such a notice to ISDA pursuant to the Rules.

"Successor" means:

(a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:

(i) if one entity directly or indirectly succeeds to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;

(ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, 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;

(iii) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;

(iv) if one or more entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, 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 each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;

(v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, 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 will not be changed in any way as a result of the Succession Event; and

(vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, 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 (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and

(b) in relation to a Sovereign Reference Entity, each entity which becomes a direct or indirect successor to such Reference Entity by way of a Succession Event irrespective of whether any such successor assume(s) any of the obligations of such Reference Entity.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the occurrence of the relevant Succession Event), and with effect from the legally effective date of the occurrence of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable provided that the Calculation Agent will not make any such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above and paragraphs (a) and (b)(A) of the definition of Succession Event Resolution Request Date (in the case of a Reference Entity that is not a Sovereign) or (b) above and paragraphs (a) and (b)(B) of the definition of Succession Event Resolution Request Date (in the case of a Sovereign Reference Entity) are satisfied in accordance with the Rules (until such time (if any) that ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Noteholder(s) at the specified office of the Agent and, for so long as the Notes are listed on the Luxembourg Stock Exchange, at the office of the Paying Agent in Luxembourg.

Where pursuant to paragraph (a)(iii) or (a)(iv) above, more than one Successor has been identified, the Calculation Agent shall adjust such of these Terms and Conditions and/or the applicable Final Terms as it shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of these Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 19, stating the adjustment to these Terms and Conditions and/or the applicable Final Terms and giving brief details of the relevant Succession Event.

For the purposes of this definition of "Successor", "succeed" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

(A) a Reference Obligation is specified in the applicable Final Terms; and

(B) one or more Successors to the Reference Entity have been identified; and

(C) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" above.

"Supranational Organisation" means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

"Trade Date" means the date specified as such in the applicable Final Terms.

"Transaction Auction Settlement Terms" means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms selected by the Calculation Agent in accordance with this provision. In relation to a Credit Event (and as set out in the definition of Credit Derivatives Auction Settlement Terms), ISDA may publish one or more form(s) of Credit Derivatives Auction Settlement Terms on its website at www.isda.org (or any successor website thereto) and may amend such forms from time to time. Each such form of Credit Derivatives Auction Settlement Terms shall set out, inter alia, definitions of "Auction", "Auction Cancellation Date", "Auction Covered Transaction" and "Auction Final Price Determination Date" in relation to the relevant Credit Event. The Transaction Auction Settlement Terms for purposes of the Notes shall be the relevant form of Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction (as such term will be set out in the relevant Credit Derivatives Auction Settlement Terms). The Reference Transaction (as set out in the definition thereof) is a hypothetical credit derivative transaction included in this Condition 11 principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the Notes.

"Unwind Costs" means the amount specified in the applicable Final Terms or if "Standard Unwind Costs" are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, fees, charges, expenses (including loss of funding), tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption of the Notes and the related termination, settlement or reestablishment of any hedge or related trading position, such amount to be apportioned pro rata amongst each nominal amount of Notes equal to the Calculation Amount.

"Valuation Date" means where Cash Settlement is specified as applying in the applicable Final Terms, if "Single Valuation Date" is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after the satisfaction of all Conditions to Settlement or, if the number of Business Days is not so specified, five Business Days after the satisfaction of all Conditions to Settlement (or, if Cash Settlement is applicable pursuant to the Fallback Settlement Method, the date that is the number of Business Days specified in the applicable Final Terms or, if the number of Business Days is not so specified, five Business Days after the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable), and if "Multiple Valuation Dates" is specified in the applicable Final Terms, each of the following dates:

(i) subject to Condition 11(h), the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not specified, five Business Days) following the satisfaction of all Conditions to Settlement (or if Cash Settlement is the applicable Fallback Settlement Method, the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and

(ii) each successive date that is the number of Business Days specified in the applicable Final Terms or, if the number of Business Days is not so specified, five Business Days after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

"Valuation Method":

(a) The following Valuation Methods may be specified in the applicable Final Terms with only one Reference Obligation and only one Valuation Date:

(i) "Market" means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or

(ii) "Highest" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

(b) The following Valuation Methods may be specified in the applicable Final Terms with only one Reference Obligation and more than one Valuation Date:

(i) "Average Market" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or

(ii) "Highest" means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or

(iii) "Average Highest" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Highest.

(c) The following Valuation Methods may be specified in the applicable Final Terms with more than one Reference Obligation and only one Valuation Date:

(i) "Blended Market" means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or

(ii) "Blended Highest" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Blended Highest.

(d) The following Valuation Methods may be specified in the applicable Final Terms with more than one Reference Obligation and more than one Valuation Date:

(i) "Average Blended Market" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or

(ii) "Average Blended Highest" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.

(e) Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

"Valuation Time" means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

"Weighted Average Quotation" means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but, if a Minimum Quotation Amount is specified in the applicable Final Terms, of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

(k) Credit Event Notice after Restructuring Credit Event

If Condition 11(k) is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of a Restructuring with respect to a Series for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms:

(i) the Calculation Agent may deliver multiple Credit Event Notices in respect of such Restructuring, each such Credit Event Notice setting forth an amount (the "Partial Redemption Amount") that may be less than the nominal amount outstanding of each Note immediately prior to the delivery of such Credit Event Notice. In such circumstances the provisions of Condition 10 shall be deemed to apply to the Partial Redemption Amount only and each such

Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).

(ii) For the avoidance of doubt (A) the nominal amount of each such Note not so redeemed in part shall remain outstanding and interest shall accrue on the nominal amount outstanding of such Note as provided in Condition 3 (adjusted in such manner as the Calculation Agent determines to be appropriate), (B) the provisions of Condition 10 shall apply to such nominal amount outstanding of such Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event, (C) once a Credit Event Notice with respect to a Restructuring Credit Event has been delivered 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 Restructuring Credit Event and (D) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable to Noteholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to these Terms and Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Condition 11(l) and (y) the effective date of such adjustment(s).

(f) If the provisions of this Condition 11(l) apply in respect of the Notes, on redemption of part of each such Note the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

(l) Provisions relating to Multiple Holder Obligation

If Condition 11(l) is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in subparagraphs (i) to (v) of the definition of "Restructuring" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"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.

(m) Provisions taken from the ISDA supplement titled "Additional Provisions - Monoline Insurer as Reference Entity (May 2003)"

If Condition 11(m) is specified as applicable in the applicable Final Terms, the following provisions will apply:

(a) Obligation and Deliverable Obligation. Paragraph (a) of the definition of "Obligation" in Condition 11(j) and paragraph (a) of the definition of "Deliverable Obligation" in Condition 11(j) are hereby amended by adding "or Qualifying Policy" after as provider of a Qualifying Affiliate Guarantee".

(b) Interpretation of Provisions. In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (B) of the definition of "Deliverable Obligation" in Condition 11(j) will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the

Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:

(i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in this Condition 11 in respect of such an Insured Instrument shall be construed accordingly;

(ii) references in the definitions of Assignable Loan and Consent Required Loan to "the guarantor" and "guaranteeing" shall be deemed to include "the insurer" and "insuring", respectively;

(iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;

(iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Final Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and

(v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

(c) Not Contingent. An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By specifying that this Condition 11(n) is applicable, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.

(d) Deliver. For the purposes of the definition of "Deliver" in Condition 11(m), "Deliver" with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "Delivery" and "Delivered" will be construed accordingly.

(e) Provisions for Determining a Successor. The paragraph commencing "For the purposes of this definition of "Successor" in the definition of "Successor" in Condition 11(j) is hereby amended by adding "or insurer" after "or guarantor".

(f) Substitute Reference Obligation. The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (b) thereof in Condition 11(m) is hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee". For purposes of sub-paragraph (a)(ii)(B) the definition of "Substitute Reference Obligation" references to "the Qualifying Guarantee" and the "Underlying Obligation" shall be deemed to include "the Qualifying Policy" and "the Insured Instrument", respectively.

(g) Other Provisions. For purposes of paragraph (a)(ii) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Condition 11(j) references to "the Underlying Obligation" and "the Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.

(h) Additional Definitions.

"Qualifying Policy" means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Condition 11(n)) (the "Insured Instrument") for which another party (including a special purpose entity or trust) is the obligor (the "Insured Obligor"). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being Delivered together with the Delivery of the Insured Instrument.

"Instrument Payments" means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in Condition 11(n)(c) above and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

"Certificate Balance" means, in the case of an Insured Instrument that is in the form of a passthrough certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

(n) Supplement to provisions relating to Qualifying Guarantee and Underlying Obligation

(a) If Condition 11(n) is specified as applicable in the applicable Final Terms, Condition 11(m) shall be amended by:

(i) the deletion of the definition of "Downstream Affiliate" and the substitution of the following therefor:

"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.";

(ii) the deletion of paragraphs (B)(4)(ii) and (B)(4)(iii) of the definition of "Deliverable Obligation", the substitution of the following therefor and the re-numbering of the remaining paragraphs accordingly:

"(ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law."; and

(iii) the deletion of the definition of "Qualifying Guarantee" and the substitution of the following therefor:

"Qualifying Guarantee" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the "Underlying Obligation") for which another party is the obligor (the "Underlying Obligor"). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation."; and

(b) Condition 11(l) shall be amended by the insertion of the following at the end of the first paragraph thereof:

"provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) of the definition of "Multiple Holder Obligation" below".

(o) Calculation Agent Notices

Any notice to be delivered by the Calculation Agent to the Issuer or the Guarantor, as applicable, pursuant to this Condition 11 may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. Any such notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that

notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

12 Currency Linked Notes

If the Notes are specified as Currency Linked Interest Notes in the applicable Final Terms then the provisions of this Condition 12 shall apply, as applicable, as modified by the applicable Final Terms.

(a) Fixed Rate Interest

If Fixed Rate interest is applicable in respect of Currency Linked Interest Notes, this Condition 12(a) shall govern the interest payable in respect of each Interest Period and an additional amount of interest (the "**Additional Currency Linked Interest Amount**") shall be payable on the Maturity Date and shall be determined on the basis described below. Each such Currency Linked Interest Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will accrue in respect of each Interest Period (as defined in Condition 3(f)) and will be payable in arrear on the Interest Payment Date(s).

The Additional Currency Linked Interest Amount in respect of each Currency Linked Note shall be equal to the amount of interest that would have been payable in accordance with Condition 3(b) if:

(i) Fixed Rate interest was not specified as being applicable;

(ii) the applicable Interest Variable Option was Digital Option as described in Condition 3(b)(ii)(N); and

(iii) the elections made in the applicable Final Terms with respect to Digital Option were applicable.

If the Notes are in definitive form, the amount of interest payable per Calculation Amount on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified per Calculation Amount.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, the Fixed Rate interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Currency Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Currency Linked Interest Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Currency Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of such a Currency Linked Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Currency Linked Interest Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

For the purposes of these Terms and Conditions:

"Fixed Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 12(a):

(i) if "Actual/Actual" (ICMA) is specified in the applicable Final Terms:

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

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

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

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

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

(iii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iv) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Period End Date falling in a leap year, 366;

(v) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(vi) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(vii) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(viii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(ix) if "1/1" is specified in the applicable Final Terms, 1; and

(x) if "Other" is specified in the applicable Final Terms, as such term is defined in the applicable Final Terms.

"Determination Period" means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including where either the Interest Commencement Date or if the final Interest Period End Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means, one cent.

(b) Market Disruption

With respect to any Currency Linked Note, if one or more Currency Disruption Events occurs at any time and is continuing the Calculation Agent may, in its sole and absolute discretion, take any one of the following actions:

(i) deduct from the relevant Interest Amount an amount calculated by the Calculation Agent as representing a cost, expense, charge and/or deduction arising in connection with such Currency Disruption Event(s) or make any other adjustment with respect thereto; and/or

(ii) adjust any date for payment of the relevant Interest Amount; and/or

(iii) in the case of a Price Source Disruption specify and adopt:

(I) an appropriate alternate fallback or alternative price or rate source or method of determination selected by the Calculation Agent in its sole discretion; or

(II) a replacement of any one or more relevant currencies, as the case may be; or

(iv) give notice to the Noteholders in accordance with Condition 19 and redeem all, but not some only, of the Notes at their Early Redemption Amount.

(c) Definitions

For the purposes of this Condition 12:

"Benchmark Obligation(s)" means the obligation(s) so specified in the applicable Final Terms.

"Benchmark Obligation Default" means, with respect to any Benchmark Obligation, the occurrence of a default, event of default or other similar condition or event (however described) including, but not limited to, (A) the failure of timely payment in full of any principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of such Benchmark Obligation, (B) a declared moratorium, standstill, waiver, deferral, Repudiation or rescheduling of any principal, interest or other amounts due in respect of such Benchmark Obligation or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of such Benchmark Obligation without the consent of all holders of such Benchmark Obligation. The

determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of the relevant entity to issue or enter into such Benchmark Obligation.

"Currency Calculation" means any calculation or determination of any conversion, exchange, payment, purchase or sale of one currency into or for another currency by reference to an Currency Rate.

"Currency Disruption Event" means the occurrence with respect to the Issuer, any hedging counterparty of the Issuer or any affiliate thereof of a Benchmark Obligation Default, Dual Exchange Rate, General Inconvertibility, General Non-Transferability, Governmental Authority Default, Illiquidity, Material Change In Circumstances, Nationalisation, Price Materiality, Price Source Disruption, Specific Inconvertibility, or Specific Non-Transferability in each case, if specified as being applicable in the applicable Final Terms.

"Currency Page" means the page of the relevant screen provider as specified in the applicable Final Terms or any successor page on which the Calculation Agent determines that the relevant Currency Rate is displayed.

"Currency Rate" means, as at any time, the currency exchange rate between the Reference Currency and another currency as specified in the applicable Final Terms.

"Dual Exchange Rate" means the relevant Reference Price splits into dual or multiple currency exchange rates.

"Event Currency" means the currency specified as such in the applicable Final Terms or, if such a currency is not specified, the Reference Currency.

"Event Currency Jurisdiction" means, in respect of an Event Currency, the country for which the Event Currency is the lawful currency.

"General Inconvertibility" means the occurrence of any event that generally makes it impossible to convert the Event Currency into the Non-Event Currency in the Event Currency Jurisdiction through customary legal channels.

"General Non-Transferability" means the occurrence of any event that generally makes it impossible to deliver (A) the Non-Event Currency from accounts inside the Event Currency Jurisdiction to accounts outside the Event Currency Jurisdiction or (B) the Event Currency between accounts inside the Event Currency Jurisdiction or to a party that is a non-resident of the Event Currency Jurisdiction.

"Governmental Authority" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Event Currency Jurisdiction.

"Governmental Authority Default" means, with respect to any security or indebtedness for borrowed money of, or guaranteed by, any Governmental Authority, the occurrence of a default, event of default or other similar condition or event (however described) including, but not limited to, (A) the failure of timely payment in full of any principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security, indebtedness for borrowed money or guarantee, (B) a declared moratorium, standstill, waiver, deferral, Repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for borrowed money or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for borrowed

money or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for borrowed money or guarantee.

"Hedge Proceeds" means the cash amount in euro and/or U.S. dollars and/or the Reference Currency constituting the proceeds received by the Issuer and/or its affiliates in respect of any Hedging Arrangements; for the avoidance of doubt, Hedge Proceeds shall not be less than zero.

"Hedging Arrangements" means any hedging arrangements entered into by the Issuer (and/or its affiliates) at any time with respect to the Notes, including without limitation the purchase and/or sale of any relevant currency and any associated foreign exchange transactions.

"Illiquidity" means it becomes impossible to obtain a firm quote of the Reference Price for the Minimum Amount (either in one transaction or a commercially reasonable number of transactions that, when taken together, total the Minimum Amount) on the Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source) or by such other date (the "Illiquidity Valuation Date") as is specified for such purpose in the applicable Final Terms. If an Illiquidity Valuation Date is specified in the applicable Final Terms and an Illiquidity Market Disruption Event occurs on such date, then the Illiquidity Valuation Date will be deemed to be the Valuation Date for such Notes.

"Interest Amount" means any interest payable in respect of Currency Linked Notes in accordance with the Conditions.

"Jurisdictional Event" means, in respect of any relevant currency, any event which occurs, whether of general application or otherwise and which occurs as a result of present or future risks in or connected with the jurisdiction of the Jurisdictional Event Jurisdiction including, but not limited to, risks associated with fraud and/or corruption, political risk, legal uncertainty, imposition of foreign exchange controls, changes in laws or regulations and changes in the interpretation and/or enforcement of laws and regulations (including without limitation those relating to taxation) and other legal and/or sovereign risks, which has or may have (as determined in the absolute discretion of the Issuer) the effect of reducing or eliminating the value of the Hedge Proceeds at any time.

"Jurisdictional Event Jurisdiction" means each country so specified in the applicable Final Terms.

"Material Change in Circumstances" means the occurrence of any event (other than those events specified as Currency Disruption Events in the applicable Final Terms) in the Event Currency Jurisdiction beyond the control of the Issuer which makes it impossible (A) for the Issuer to fulfil its obligations under the Notes, and (B) generally to fulfil obligations similar to the Issuer's obligations under the Notes.

"Minimum Amount" means the amount specified as such in the applicable Final Terms.

"Nationalisation" means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates which are party to any Hedging Arrangements) of all or substantially all of its assets in the Event Currency Jurisdiction.

"Non-Event Currency" means the currency for any Currency Rate that is not the Event Currency.

"Price Materiality" means the Primary Rate differs from the Secondary Rate by at least the Price Materiality Percentage.

"Price Materiality Percentage" means the percentage specified as such in the applicable Final Terms.

"Price Source Disruption" means it becomes impossible to obtain the Reference Price on the Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source).

"Primary Rate" means, in respect of a Notes and for the purposes of the definition of Price Materiality, the Currency Rate.

"Rate Calculation Date" means any Valuation Date and any other date specified as such in the applicable Final Terms or any other date on which a Currency Calculation is required.

"Reference Currency" means, unless the context otherwise requires, the currency specified as the Reference Currency in the applicable Final Terms or, if no such currency is specified, the Specified Currency.

"Reference Price" means, in relation to the making of any Currency Calculation for any Valuation Date in respect of a Settlement Date, the currency exchange rate equal to (A) the Currency Rate specified (or deemed specified), or (B) if a Currency Rate is not specified, the Spot Rate for that Valuation Date.

"Repudiation" means that, in respect of a Series of Notes, (A) for purposes of the definition of Benchmark Obligation Default, the issuer of or any party to, as the case may be, the relevant Benchmark Obligation disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of the Benchmark Obligation in any material respect, and (B) the relevant Governmental Authority disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of any security, indebtedness for borrowed money or guarantee of such Governmental Authority in any material respect.

"Secondary Rate" means, in respect of the Notes and for the purpose of the definition of Price Materiality, the currency exchange rate specified for such purposes in the applicable Final Terms.

"Settlement Date" means, in respect of any payment obligation of the Issuer with respect to the Notes, the date on which such payment falls due under the Conditions (including the applicable Final Terms), such date, subject to adjustment in accordance with the Business Day Convention.

"Specific Inconvertibility" means the occurrence of any event that makes it impossible for the Issuer to convert the Minimum Amount of the Event Currency into the Non-Event Currency in the Event Currency Jurisdiction, other than where such impossibility is due solely to the failure by the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the Notes and it is impossible for the Issuer, due to an event beyond the control of the Issuer, to comply with such law, rule or regulation).

"Specific Non-Transferability" means the occurrence of any event that makes it impossible for the Issuer to deliver (A) the Non-Event Currency from accounts inside the Event Currency Jurisdiction to accounts outside the Event Currency Jurisdiction, or (B) the Event Currency between accounts inside the Event Currency Jurisdiction or to a party that is a non-resident of the Event Currency Jurisdiction, other than where such impossibility is due solely to the failure by the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the Notes and it is impossible for the Issuer, due to an event beyond the control of the Issuer, to comply with such law, rule or regulation).

"Spot Rate" means, for any Rate Calculation Date, the currency exchange rate at the time at which such rate is to be determined for foreign exchange transactions in the two relevant currencies for value on the Settlement Date, as determined in good faith and in a commercially reasonable manner by the Calculation Agent.

"Valuation Date" means each date specified or otherwise determined as a Valuation Date (or, if applicable, the Illiquidity Valuation Date) in the applicable Final Terms as of which a Reference Price is to be determined, subject to adjustment in accordance with the Preceding Business Day Convention unless another Business Day Convention is specified to be applicable to that Valuation Date.

"Valuation Time" means, in respect of a Currency Rate, the time specified as such in the applicable Final Terms or such other time as the Calculation Agent may select in its absolute discretion and notify to Noteholders in accordance with the General Conditions. .

13 Taxation

(a) Tax Gross-Up

If Condition 13(a) is specified as applicable in the applicable Final Terms, all payments of principal and/or interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or other charges of whatever nature imposed, levied or collected by or on behalf of, in the case of payments by the Issuer, The Netherlands or, in the case of payments by the Guarantor, Belgium or, in either case, any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) the Noteholder, Receiptholder or Couponholder of which is liable for such taxes, duties, assessments or other charges in respect of such Note, Receipt or Coupon by reason of his having some connection with The Netherlands (in case of payments by the Issuer), or Belgium (in case of payments by the Guarantor) other than the mere holding of such Note, Receipt or Coupon; or

(ii) presented for payment in Belgium or through an intermediary in Belgium; or

(iii) presented for payment in The Netherlands or through an intermediary in The Netherlands; or

(iv) presented for payment by, or on behalf of, a Noteholder who would be able to avoid such withholding or deduction by making a declaration of non-residence or similar claim for exemption but fails to do so; or

(v) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or

(vi) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(vii) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 19.

(b) No Tax Gross-Up

If Condition 13(b) is specified as applicable in the applicable Final Terms, neither the Issuer nor the Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer or, as the case may be, the Guarantor shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

14 Prescription

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 13(a)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) or any Talon which would be void pursuant to Condition 4(b).

15 Events of Default

If any of the following events (each an "Event of Default") should occur, the holder of this Note may, upon written notice of acceleration to the Agent, cause such Note to become due and payable at the Final Redemption Amount (as described in Condition 5(a)), together with accrued interest thereon to the date of repayment, as of the date on which said notice of acceleration is received by the Agent, unless prior to such date the Issuer or the Guarantor, as the case may be, shall have cured or otherwise made good such Event of Default in respect of the Notes:

(i) default by the Issuer in the payment when due of the principal of or interest on any of the Notes in respect of any Note or the delivery when due of any other amount in respect of any Note and the continuance of any such default for a period of 30 days after the due date; or

(ii) the Issuer shall fail duly to perform or observe any other term, covenant or agreement contained in the Notes or the Guarantor shall fail to perform or observe any other term, covenant or agreement contained in the Guarantee relating to the Notes, in either case for a period of 90 days after the date on which written notice of such failure, requiring the Issuer or the Guarantor, as the case may be, to remedy the same, shall first have been given to the Agent by the holder of any Note at the time outstanding; or

(iii) an order is made or an effective resolution passed for winding up the Issuer or the Guarantor except for the purpose of a reconstruction or amalgamation and the entity resulting from such reconstruction or amalgamation assumes all the rights and obligations of, as the case may be, the Issuer (including its obligations under the Notes) or the Guarantor (including its obligations under the Guarantee); or

(iv) the Issuer or the Guarantor shall be unable to pay its debts or becomes insolvent or bankrupt or the Guarantor applies for a "*gerechtelijk akkoord*" or "*faillissement*" or any similar procedure shall be initiated in respect of the Issuer or the Guarantor unless it is being contested in good faith by the Issuer or the Guarantor, as the case may be; or

(v) a distress, execution or other process is levied or enforced upon or sued out against all or any material part of the property of the Issuer or the Guarantor unless it is removed, discharged or paid out within 60 days or is being contested in good faith by the Issuer or the Guarantor, as the case may be.

16 Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

17 Agent, Paying Agents and Calculation Agent Provisions

(a) Agent and Paying Agent

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(ii) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated;

(iii) there will at all times be an Agent; and

(iv) the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive, save to the extent that such requirement is met by virtue of (ii) above.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the second paragraph of Condition 4(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 19.

(b) Calculation Agent Provisions

Whenever the Calculation Agent is required to act or exercise judgement, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall, as soon as practicable after making any determination pursuant to these Terms and Conditions, notify the Issuer, the Guarantor and

the Noteholders of such determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Noteholders in respect of its duties as Calculation Agent in connection with any Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to these Terms and Conditions shall (in the absence of manifest error) be final and binding on the Issuer, the Guarantor and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer and the Guarantor shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

18 Exchange of Talons

On and after the Interest Period End Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 14.

19 Notices

All notices regarding the Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London and (ii), if and for so long as the Notes are listed on the Luxembourg Stock Exchange, either in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange, www.bourse.lu, or (ii), in the case of Notes not listed on a stock exchange, in a daily newspaper of general circulation in such place or places as the Issuer may deem appropriate. It is expected that such publication will be made (i) in the *Financial Times* in London and (ii) either in the *Luxemburger Wort* or the *Tageblatt* in Luxembourg or on the website of the Luxembourg Stock Exchange, www.bourse.lu. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or other relevant authority) on which the Notes are for the time being admitted to trading. Any such notice will be deemed to have been given on the date of the first publication in accordance with the above provisions.

Until such time as definitive Notes are issued, there may, so long as any Global Note(s) representing the Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s), the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange or any other applicable regulations so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or in such other manner as may be permitted by those rules. In the case of Notes listed on the Luxembourg Stock Exchange, it is expected that such publication will be made either in the *Luxemburger Wort* or the *Tageblatt* in Luxembourg or on the website of the Luxembourg Stock Exchange, www.bourse.lu. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

20 Meetings of Noteholders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons, the Guarantee, the Deed of Covenant or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting, will be one or more persons holding or representing a majority in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting, one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the Agency Agreement contained by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on such poll or (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the principal amount of the Notes for the time being outstanding, all as more fully described in the Agency Agreement, shall, in each case, be effective as an Extraordinary Resolution. An Extraordinary Resolution passed at any meeting of the Noteholders or pursuant to a resolution in writing shall be binding on all the Noteholders, whether or not they vote on such resolution, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

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

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

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 19 as soon as practicable thereafter.

21 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

22 Contracts (Rights of Third Parties) Act 1999

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

23 Governing Law and Submission to Jurisdiction

(a) The Agency Agreement, the Notes (except Condition 2(iii)), the Guarantee (except Clause 6), the Receipts and the Coupons (and, in each case, any non-contractual obligations arising therefrom or in connection therewith) shall be governed by, and construed in accordance with, English law. Condition 2(iii) of the Notes, Clause 6 of the Guarantee and any non-contractual obligations arising therefrom or in connection therewith shall be governed by, and construed in accordance with, Belgian law.

(b) The Issuer agrees, for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes, the Receipts and/or the Coupons (including, in each case, any dispute relating to any non-contractual obligations arising therefrom or in connection therewith) and that accordingly any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Agency Agreement, the Notes, the Receipts and/or the Coupons (including, in each case, any Proceedings relating to any non-contractual obligation arising therefrom or in connection therewith) may be brought in such courts. The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not. The Issuer appoints the Guarantor at its London branch at 111 Old Broad Street, London EC2N 1BR as its agent for service of process for Proceedings in England, and undertakes that, in the event of the Guarantor ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer to assist the financing of the activities of the Guarantor or its affiliates to the extent permitted by applicable law. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

FORM OF THE GUARANTEE

THIS DEED OF GUARANTEE is made on 27 June 2012 by KBC Bank NV (the "**Guarantor**") in favour of (1) the Relevant Account Holders (as defined in the Deed of Covenant referred to below), (2) the holders for the time being of the Notes (as defined below) and the interest coupons (if any) appertaining to the Notes ("**Coupons**", such expression to include any talons for further Coupons issued in respect of any Notes), the Coupons being attached on issue to Definitive Note(s) (as defined below) and (3) the Accountholders (as defined in Clause 1 (B) below). Each Relevant Account Holder, each holder of a Note and each holder of a Coupon is a "**Holder**".

WHEREAS:

(A) KBC Internationale Financieringsmaatschappij N.V. (the "**Issuer**") and the Guarantor have entered into a Programme Agreement pursuant to which the Issuer may from time to time issue Notes with a denomination of €100,000 (or the equivalent in other currencies) or more (the "**Programme Agreement**", which expression includes the same as it may be amended, supplemented or restated from time to time) dated 27 June 2012 with the Dealers named therein under which the Issuer proposes from time to time to issue Notes (the "**Notes**", such expression to include each Definitive Note issued by the Issuer and each Global Note issued by the Issuer and to include any receipts issued in respect of Notes repayable in instalments).

(B) This Deed of Guarantee will apply to all Notes issued pursuant to the Issuer's €25,000,000,000 Wholesale Euro Medium Term Note Programme (the "**Wholesale Programme**") on or after the date hereof, other than any Notes issued so as to be consolidated and form a single Series with any Notes issued prior to the date hereof.

(C) The Issuer has executed a Deed of Covenant on 27 June 2012 (the "**Deed of Covenant**", which expression includes the same as it may be amended, supplemented or restated from time to time) relating to Global Notes issued by the Issuer pursuant to the Programme Agreement.

(D) The Issuer and the Guarantor have entered into an Agency Agreement (the "**Agency Agreement**", which expression includes the same as it may be amended, supplemented or restated from time to time) dated 27 June 2012 with KBL European Private Bankers S.A. (the "**Agent**") and the other agents named therein in relation to the Wholesale Programme.

(E) Terms defined in the Conditions of the Notes (the "**Conditions**"), the Programme Agreement, the Agency Agreement and/or the Deed of Covenant and not otherwise defined in this Deed of Guarantee shall have the same meanings when used in this Deed of Guarantee.

NOW THIS DEED WITNESSES as follows:

1 Guarantee

(A) Subject as set out in Clause 6, the Guarantor hereby unconditionally and irrevocably guarantees by way of deed poll to each Holder (i) all sums payable by the Issuer to such Holder or (ii) performance of any delivery obligation owed by the Issuer to such Holder, in each case in respect of any Note or any Coupon relating thereto or under the Deed of Covenant in respect thereof, as the case may be, (including any premium or any other amounts of whatever nature or additional amounts which may become payable under any of the foregoing) when and as the same shall become due and payable in accordance with the terms thereof. In case of the failure of the Issuer punctually (x) in the case of (i) above, to make any such payment, the Guarantor hereby undertakes to cause such payment to be made punctually when and as the same shall become due and payable and (y) in the case of (ii) above, to perform or procure the performance of any delivery obligation, the Guarantor hereby undertakes to

cause such performance or the procurement of such performance to occur punctually when and as the same shall become due to be performed, in each case whether at maturity, upon redemption by acceleration of maturity or otherwise, as if such payment or delivery, as the case may be, were made or performed by the Issuer in accordance with the terms thereof. The Guarantor hereby waives any requirement that any Holder, in the event of any default of such payment or delivery as the case may be by the Issuer, first makes demand upon or seeks to enforce remedies against the Issuer before seeking to enforce this Guarantee; agrees that its obligations under this Guarantee shall be unconditional and irrevocable irrespective of the validity, regularity or enforceability of such Notes or of such Coupons or of the Deed of Covenant in respect thereof, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions thereof, the recovery of any judgment against the Issuer or any action to enforce the same, any consolidation, merger, conveyance or transfer by the Issuer or any other circumstance which might otherwise constitute a legal or equitable discharge or defence of a guarantor; and covenants that this Guarantee will not be discharged except by complete performance of the obligations contained in such Notes, such Coupons, the Deed of Covenant and this Guarantee.

(B) For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Guarantor as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Guarantor as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Agent.

The Guarantor covenants in favour of each Accountholder that it will (i) make all payments (if any) under this Guarantee in respect of the principal amount of Notes for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as being held by the Accountholder and represented by a Global Note to the holder of the Global Note and (ii) perform or procure the performance of all delivery obligations (if any) in accordance with the Conditions, in each case, in accordance with the terms of this Guarantee and acknowledges that each Accountholder may take proceedings to enforce this covenant and any of the other rights which it has under this Guarantee directly against the Guarantor.

2 The Guarantor as principal Debtor

Without affecting the Issuer's obligations, the Guarantor will be liable under this Guarantee as if it were the sole principal debtor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which would not discharge it or affect its liability if it were the sole principal debtor (including (a) any time, indulgence, waiver or consent at any time given to the Issuer or any other person, (b) any amendment to any Note, any Coupon or the Deed of Covenant or to any security or other guarantee or indemnity, (c) the making or absence of any demand on the Issuer or any other person for payment, (d) the enforcement or absence of enforcement of any Note, any Coupon, the Deed of Covenant or of any security or other guarantee or indemnity, (e) the release of any such security, guarantee or indemnity, (f) the dissolution, amalgamation, reconstruction or reorganisation of the Issuer or any other person or (g) the illegality,

invalidity or unenforceability of or any defect in any provision of any Note, any Coupon or the Deed of Covenant or any of the Issuer's obligations under any of them).

3 The Guarantor's obligations continuing

The Guarantor's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable or delivery obligation in respect of any Note, any Coupon or the Deed of Covenant remains owing. Furthermore, these obligations of the Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of a Holder, whether from the Guarantor or otherwise. The Guarantor irrevocably waives all notices and demands whatsoever.

4 Repayment to the Issuer

If any payment or other consideration received by a Holder is, on the subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment or other consideration will not be considered as having discharged or diminished the liability of the Guarantor and this Guarantee will continue to apply as if such payment or other consideration had at all times remained owing by the Issuer.

5 Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable or delivery obligation expressed to be owed by the Issuer under any Note, any Coupon or the Deed of Covenant but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Holder) not recoverable from the Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Holder or otherwise delivered by it on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent cause of action and will apply irrespective of any indulgence granted by any Holder.

6 Status of Guarantee

The obligations of the Guarantor under this Guarantee in respect of the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank and will rank *pari passu* with all present and future unsecured and unsubordinated obligations of the Guarantor (including those arising under deposits received in its banking business), without any preference among themselves and *pari passu* without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

7 Withholding or reduction

If Condition 13(a) is specified as applicable in the applicable Final Terms, all payments by the Guarantor under this Guarantee will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or other charges of whatever nature imposed, levied or collected by or on behalf of Belgium, or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the relevant Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt, Coupon or Underlying Note (as defined in the Deed of Covenant):

(i) to, or to a third party on behalf of, a Holder who is liable for such taxes, duties, assessments or other charges in respect of such Note, Receipt, Coupon or Underlying Note by reason of his having some connection with Belgium other than the mere holding of such Note, Receipt, Coupon or Underlying Note; or

(ii) presented for payment in Belgium or through an intermediary in Belgium; or

(iii) to, or to a third party on behalf of, a Holder who would be able to avoid such withholding or deduction by making a declaration of non-residence or similar claim for exemption but fails to do so; or

(iv) if demand for payment is made more than 30 days after the Relevant Date (as defined in Condition 13(a)) except to the extent that the Holder would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or

(v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(vi) to, or to a third party on behalf of, a Relevant Account Holder who would have been able to avoid such withholding or deduction by presenting the Note, Receipt, Coupon or Underlying Note to another Paying Agent in a Member State of the European Union.

8 Power to execute

The Guarantor hereby warrants, represents and covenants with each Holder and Accountholder that it has all power, that it has obtained all necessary governmental consents and authorisations, and that it has taken all necessary steps, in each case to enable it to execute, deliver and perform this Guarantee and that this Guarantee constitutes legal, valid and binding obligations of the Guarantor in accordance with its terms.

9 Deposit of Guarantee

This Guarantee shall take effect as a deed poll for the benefit of the Holders and Accountholders from time to time and for the time being. This Guarantee shall be deposited with and held by KBL European Private Bankers S.A. as Agent until all the obligations of the Guarantor have been discharged in full.

10 Production of Guarantee

The Guarantor hereby acknowledges the right of every Holder and Accountholder to the production of, and the right of every Holder and Accountholder to obtain (upon payment of a reasonable charge) a copy of, this Guarantee, and further acknowledges and covenants that the obligations binding upon it contained herein are owed to, and shall be for the account of, each and every Holder and Accountholder, and that each Holder and Accountholder shall be entitled severally to enforce the said obligations against the Guarantor.

11 Subrogation

Until all amounts which may be payable under the Notes, the Coupons and/or the Deed of Covenant have been irrevocably paid in full and all delivery obligations of the Issuer thereunder have been performed in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Holder or claim in competition with the Holders against the Issuer.

12 Contracts (rights of third parties) Act 1999

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

13 Governing law and jurisdiction

(i) This Guarantee (and any non-contractual obligations arising out of or in connection with this Guarantee), except Clause 6, shall be governed by, and construed in accordance with, English law. Clause 6 of this Guarantee (and any non-contractual obligations arising out of or in connection with Clause 6 of this Guarantee) shall be governed by, and construed in accordance with, Belgian law.

(ii) The Guarantor agrees, for the exclusive benefit of the Holders and the Accountholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Guarantee (including any dispute relating to any non-contractual obligations arising out of or in connection with this Guarantee) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Guarantee (including any Proceedings relating to any non-contractual obligation arising out of or in connection with this Guarantee) may be brought in such courts. The Guarantor hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this Clause shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not. The Guarantor undertakes that, in the event of it ceasing so to act or ceasing to be registered in England, it will appoint a person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

IN WITNESS whereof this Guarantee has been manually executed as a deed poll on behalf of the Guarantor.

Executed as a deed by

KBC Bank NV

acting by

acting under the

authority of that company

in the presence of:

Witness's Signature:

Name:

Address:

Dated 27 June 2012

DESCRIPTION OF THE ISSUER

KBC INTERNATIONALE FINANCIERINGSMAATSCHAPPIJ N.V.

KBC Internationale Financieringsmaatschappij N.V. (the "Issuer" or "KBC IFIMA N.V."), a wholly owned subsidiary of the Guarantor, was incorporated in the Netherlands on 15th April, 1982 as a limited liability company under the laws of the Netherlands. The Issuer is registered with the trade register of the Dutch chambers of commerce under number 33.168.630 and has its corporate seat at Rotterdam, The Netherlands. The registered office of the Issuer is at Watermanweg 92, 3067 GG Rotterdam, The Netherlands and its telephone number is +31 (0)10 4367146. The principal activity of the Issuer is to assist in the financing of the activities of companies belonging to the KBC Bank Group (as defined on page 1) by raising debt to be on-lent to the Guarantor and the other members of the KBC Bank Group. The Issuer is accordingly dependent on the Guarantor and other members of the KBC Bank Group servicing those loans. Other than the foregoing activities and the issuance of securities under the Issuer's U.S.$10,000,000,000 Global Structured Note Programme established on 23rd May, 2008, the Issuer has not engaged, since its incorporation, in any material activities other than those relating to the described issue of securities and the authorisation of documents and agreements related thereof to which it is, or will be, a party. Since the Issuer is a wholly owned finance subsidiary of the Guarantor, it does not "compete" in any market.

Management

The Issuer is managed by a Management Board, which is supervised by a Supervisory Board. The members of the Management Board and the members of the Supervisory Board may be appointed by the General Meeting of Shareholders.

Management Board

Name	Business address	Position	Principal activities outside KBC IFIMA N.V.
J.G. Heffernan	Watermanweg 92, 3067 GG Rotterdam, The Netherlands	Director	None
H.B.J. Wouters	Watermanweg 92, 3067 GG Rotterdam, The Netherlands	Managing Director	General Manager, KBC Bank NV Nederland
Supervisory Board			
P.T.M. Roppe	Watermanweg 92, 3067 GG Rotterdam, The Netherlands	Supervisory Director	None
Dirk C.M. Mampaey	Watermanweg 92, 3067 GG Rotterdam, The Netherlands	Supervisory Director	Director of KBC Bank NV Corporate Services Director and Chairman of the Board of Directors of Antwerpse Diamantbank NV Director of KBC Ireland Plc

Director of IIB Finance Ireland

Chairman of the Board of Directors of KBC Finance Ireland Plc

Director of KBC Deutschland AG

Director and Chairman of the Board of Directors of KBC Real Estate NV

Director of Covent Garden Real Estate NV

Director of Old Broad Street Invest NV

Director and Chairman of the Board of Directors of Immo-Antares NV

Director and Chairman of the Board of Directors of Apitri NV

Director and Chairman of the Board of Directors of Immo-Basilix NV

Director and Chairman of the Board of Directors of Brussels North Distribution NV

Director of Immo NamOtt Tréfonds NV

Director and Chairman of the Board of Directors of KBC Vastgoedportefeuille België NV

Director and Chairman of the Board of Directors KBC Vastgoedinvesteringen NV

Director and Chairman of the Board of Directors of Immo Lux-Airport NV

Director and Chairman of the Board of Directors of Luxembourg North Distribution NV

Director and Chairman of the

	Board of Directors of Immo Marcel Thiry NV
	Director and Chairman of the Board of Directors of Mechelen City Center NV
	Director and Chairman of the Board of Directors of Vastgoed Ruimte Noord NV
	Director and Chairman of the Board of Directors of Immo-Zénobe Gramme NV
	Director of Immobiliare Novoli SpA
	Director and Chairman of the Board of Directors of KBC Commercial Finance
	Director of Commercial Bank "Absolut Bank" (ZAO)
	Director of Gebema NV

There are no potential conflicts of interest between the duties to KBC IFIMA N.V. of the members of the Management Board or the Supervisory Board respectively and their private interests or other duties.

KBC IFIMA N.V. complies with the laws and regulations of the Netherlands regarding corporate governance.

Audit committee

The Issuer has no audit committee. However, as a wholly owned subsidiary of KBC Bank, it complies with the control requirements and standards of the Group with regard to accounting, operations, internal controls and risk management. Furthermore, the Issuer is subject to audits carried out periodically by the internal audit department of the Group.

Auditor

As of 1st January, 2001 the auditors of KBC Internationale Financieringsmaatschappij N.V. are Ernst & Young Accountants LLP, Prof. Dr. Dorgelolaan 12, 5613 AM Eindhoven, The Netherlands.

Historical Information

The Issuer publishes annual non-consolidated audited financial statements and semi-annual non-consolidated unaudited financial statements. The Issuer is exempted from preparing consolidated financial statements pursuant to the exemption for subholdings contained in article 2:408 of the Dutch Civil Code. Investors should note that, since the Issuer is not subject to Capital Adequacy Directive requirements, information relating to credit quality and regulatory capital of the Issuer is not available and therefore it is not included in this Base Prospectus.

As from 31st May, 2012 a copy of the annual accounts of the Issuer is deposited at the trade register of the chamber of commerce for Rotterdam, The Netherlands and is available to the public and incorporated by reference herein, as indicated in the section titled "Documents Incorporated by Reference" above.

Organisational Structure

The Issuer is a wholly-owned subsidiary of the Guarantor and its debt is fully guaranteed by the Guarantor. Since the relations between the Issuer, the Guarantor and KBC Group are intra-group relations, there are no specific measures in place to ensure that control of the Issuer is not abused. As such, the Issuer complies with the control requirements and standards of the KBC Bank Group with regard to accounting, operations, internal controls and risk management. Furthermore, the Issuer is subject to audits carried out periodically by the internal audit department of the KBC Bank Group.

Share Capital

The authorised share capital of KBC IFIMA N.V. is €22,689,000 divided into 50,000 common shares of €453.78 each. The issued share capital (which is fully paid up) of KBC IFIMA N.V. is €4,803,264 divided into 10,585 ordinary shares of €453.78 each, which are fully held by the Guarantor.

There have been no movements in the issued share capital during 2010 and 2011.

Corporate Objects

The corporate objects of KBC IFIMA N.V. are set out in Article 2 of its Articles of Association. They include the raising of monies by entering into public or private loans and the re-lending of such monies to other companies in the KBC Bank Group. A copy of the Articles of Association is available for inspection at the registered office of KBC IFIMA N.V.

BALANCE SHEET OF KBC IFIMA N.V.

(after appropriation of profit)

The following table sets out the audited Balance Sheet of the Issuer for the years ended 31st December 2009, 2010 and 2011

	31st December, 2009	31st December, 2010	31st December, 2011
	(euro)	*(euro)*	***(euro)***
Fixed assets			
Tangible fixed assets	-	-	2,218
Intangible fixed assets	-	-	-
Financial fixed assets	18,404,997,458	17,621,750,441	16,723,834,552
Long term bank deposit	4,803,264	4,803,264	4,803,264
Derivatives	1,166,694,895	974,996,264	1,196,683,130
	19,576,495,617	18,717,126,737	18,034,680,789
Current Assets			
Derivatives	Nil	115,576,768	109,357,625
Loans falling due within one year	4,262,106,385	4,812,895,175	4,736,495,814
Interest receivables and accrued expenses	112,752,204	152,965,053	229,805,648
Cash.	6,037,149	5,821,627	4,462,402
	4,380,895,738	4,971,681,855	4,970,763,864
Total assets	23,957,391,355	23,688,808,592	23,005,444,653

	31st December, 2009	31st December, 2010	31st December, 2011
	(euro)	*(euro)*	*(euro)*
Capital and reserves			
Paid-in and called-up share capital	4,803,264	4,803,264	4,803,264
Retained earnings	4,331,194	3,876,988	3,864,725
Net profit for the year	4,745,794	4,737,737	4,242,008
	13,880,252	13,417,989	12,909,997
Provisions			
Provisions for pension obligations	353,339	281,636	80,239
Long-term liabilities	18,411,481,110	17,629,645,367	16,730,610,610
Derivatives	1,166,694,895	974,996,264	1,196,683,130
Current Liabilities			
Derivatives	Nil	115,576,768	109,357,625
Issued bonds falling due within one year	4,254,715,459	4,805,116,191	4,730,082,009
Other current liabilities	110,266,300	149,774,377	225,721,043

	31st December, 2009	31st December, 2010	31st December, 2011
	(euro)	*(euro)*	*(euro)*
	4,364,981,759	4,954,890,568	4,955,803,052
Total liabilities	23,957,391,355	23,688,808,592	23,005,444,653

PROFIT AND LOSS ACCOUNT OF KBC IFIMA N.V.

The following table sets out the audited Profit and Loss Account of the Issuer for the years ended 31st December 2009, 2010 and 2011.

	31st December 2009	31st December 2010	31st December 2011
	(euro)	*(euro)*	***(euro)***
Net income from financing activities			
Interest income	537,769,814	446,320,742	625,948,468
Interest expense	(530,884,900)	(439,589,205)	(619,983,045)
Gross Margin	6,884,914	6,731,537	5,965,423
Gain on financial transactions	—	—	—
Change in fair value of derivatives	—	—	—
Other (interest) income	9,142	—	—
General and administrative expenses	(796,132)	(555,626)	(480,815)
Depreciation of fixed assets	(24,165)	—	(117)
Exchange rate differences	(16,576)	3,154	12,940
Income from participating interests	199,065	97,596	111,183
Profit before taxation	6,256,248	6,276,661	5,608,614
Corporation tax	(1,510,454)	(1,538,924)	(1,366,606)
Net profit for the period	4,745,794	4,737,737	4,242,008

DESCRIPTION OF THE GUARANTOR

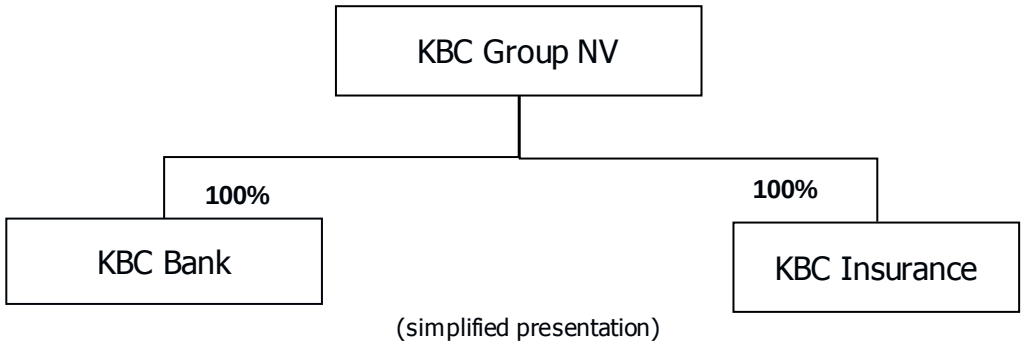
KBC BANK

1 Creation

KBC Bank NV ("KBC Bank"), a wholly-owned subsidiary of KBC Group NV ("KBC Group"), was established in Belgium in 1998 as a bank (with number BE-0462.920.226) and operates under the laws of Belgium having its registered office is at Havenlaan 2, B-1080 Brussels, Belgium and it can be contacted via its Telecenter (+32) (0) 78 152 154. Since the relations between KBC Bank and KBC Group are intra-group relations, there are no specific measures in place to ensure that control of KBC Bank is not abused.

Simplified, KBC Bank was initially formed through the merger of the banking operations of the Almanij-Kredietbank group and CERA Bank group ("CERA"). The merger combined the operations of four Belgian banks: Kredietbank, CERA, Bank van Roeselare and CERA Investment Bank. KBC Bank is registered as a credit institution with the National Bank of Belgium (the "NBB").

A simplified schematic of KBC Group's legal structure is provided below (KBL European Private Bankers SA was excluded from this scheme, in view of the signed sale agreement for this company). KBC Bank NV and KBC Insurance NV each have a number of subsidiaries, a list of which is available in KBC Group's 2011 Annual Report.



As at the end of December 2011, there were 915,228,482 ordinary shares of KBC Bank, one of which is held by (its sister company) KBC Insurance NV and the remainder of which are held by KBC Group. KBC Group's shares are listed on NYSE Euronext Brussels and the Luxemburg Stock Exchange.

In view of the developments relating to the global economic and the financial turmoil in the past years, and as a result of the subsequent acceptance of financial support from the Belgian State and Flemish Region, KBC Group was required to submit a restructuring plan for review and approval by the European Commission. The European Commission approved the plan on 18th November, 2009. This government support and restructuring plan (the "strategic plan") is discussed further on.

2 Management structure

The management structure of the Group and of KBC Bank Group (as defined on page 1) is built around a number of Business Units: Belgium, Central & Eastern Europe, Merchant Banking and Shared Services & Operations. Each Business Unit is headed by a Chief Executive Officer ("CEO"), and these CEOs, together with the Group CEO, the Group Chief Risk Officer ("CRO") and the Group Chief Financial Officer ("CFO"), constitute the executive committee of KBC Group.

The Business Units are described further below. The comments will focus on the (parts of the) business units that are relevant for KBC Bank Group. The Shared Services & Operations Business Unit provides support to and serves as a product provider for the other Business Units. It encompasses a number of divisions that provide products and services to the entire Group. The expenses and income of the Shared Services & Operations Business Unit are passed on to the other Business Units and consequently are reflected in their results. The main divisions belonging to this unit are Asset Management, Payments, Consumer Finance, Trade Finance, ICT, Leasing and Organisation.

Set out below is a simplified overview of the activities and geographical reach of the other three Business Units:

	Belgium Business Unit	**Central & Eastern Europe Business Unit**	**Merchant Banking Business Unit**
Main activities	Retail and private bancassurance	Retail and private bancassurance and merchant banking	Corporate banking and market activities
Geographical area (main countries)	Belgium	Home countries: Czech Republic, Slovakia, Hungary, Bulgaria Other countries: Poland, Russia, Serbia	Belgium and selected countries in Europe, North-America and Southeast-Asia

A list of all major companies that belong to the legal entity KBC Bank is provided further on. Note that KBC Group's strategic plan (which evidently also impacts KBC Bank), among other things, includes a planned divestment of a number of KBC Bank Group companies.

Note also that in KBC Group's and KBC Bank's financial reports as of 2010 and as of 2011, the results of all companies that are planned for divestment, are moved from their respective business units to a so-called "Group Centre".

3 Short presentation of KBC Bank Group

Shareholders of KBC Group* (as at 31st December, 2011)	**Number of shares**
KBC Ancora	82,216,380
Cera	26,127,166
MRBB	46,289,864
Other core shareholders	39,202,997
Subtotal for core shareholders	**193,836,407**
KBC group companies	18,169,054
Free float	145,974,852
Total	**357,980,313**

* For the core shareholders, this is the situation stated in the most recent notifications made under the Belgian transparency rules or (if more recent) disclosures made under the Belgian law on public takeover bids. For KBC group companies, this is the situation on 31 December 2011. Further updates regarding the shareholder structure of KBC Group NV can be found on www.kbc.com under "Investor relations – shareholder structure".

Shareholders of KBC Bank (as at 31st December, 2011)	Number of shares
KBC Group	915,228,481
KBC Insurance	1
Total	915,228,482

Consolidated balance sheet data (in millions of EUR, IFRS)	31st December, 2009	31st December, 2010	31st December, 2011
Total assets	281,613	276,723	241,076
Parent shareholders' equity	12,168	13,193	11,117

Consolidated profit and loss account data (in millions of EUR, IFRS)	FY2009	FY2010	FY2011
Total income	3,907	6,995	6,119
Operating expenses	-4,241	-3,861	-3,709
Impairment	-2,400	-1,635	-1,659
Result after tax, group share	-2,491	1,395	347

4 Network and ratings of KBC Bank Group

Network (as at 31st December, 2011)

Bank branches in Belgium	844
Bank branches in Central and Eastern Europe (five core markets, i.e. excluding Russia and Serbia)	806
Bank branches in the rest of the world (incl. rep. offices)	24*

Long-term ratings of KBC Bank (as at 27 June 2012)

Fitch France S.A.S. ("Fitch")	A- (stable outlook)
Moody's France S.A.S. ("Moody's")	A3 (stable outlook)
Standard & Poor's Credit Market Services Italy Srl. ("S&P")	A- (stable outlook)

*including corporate branches of KBC Bank, KBC Bank Deutschland and KBC Bank Ireland.

Ratings can change. Various ratings exist. Investors should look at www.kbc.com for the most recent ratings and for the underlying full analysis of each rating agency to understand the meaning of each rating.

Each of Fitch, Moody's and S&P is established in the European Union and is included in the updated list of credit rating agencies registered under Regulation (EC) No. 1060/2009 (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies published on the European

Securities and Markets Authority ("ESMA")'s website (http://esma.europa.eu/page/List-registered-and-certified-CRAs).

5 Main companies belonging to KBC Bank (as of 31st December, 2011)

Company	Registered office	Ownership percentage at KBC Bank Level	Activity (simplified)
Main fully consolidated subsidiaries			
Absolut Bank	Moscow – RU	99.00	Credit Institution
Antwerpse Diamantbank NV	Antwerp – BE	100.00	Credit institution
CBC Banque SA	Brussels – BE	100.00	Credit institution
CIBANK AD	Sofia - BG	100.00	Credit Institution
ČSOB a.s. (Czech Republic)	Prague – CZ	100.00	Credit institution
ČSOB a.s. (Slovak Republic)	Bratislava – SK	100.00	Credit Institution
KBC Asset Management NV	Brussels – BE	51.86	Asset management
KBC Bank Deutschland AG	Bremen – DE	100.00	Credit institution
KBC Bank Funding LLC & Trust (group)	New York – US	100.00	Issuance of trust preferred securities
KBC Bank Ireland Plc.	Dublin - IE	100.00	Credit Institution
KBC Clearing NV	Amsterdam – NL	100.00	Clearing
KBC Commercial Finance	Brussels – BE	100.00	Factoring
KBC Commercial Finance	Brussels – BE	100.00	Consumer finance
KBC Credit Investments NV	Brussels – BE	100.00	Investments in credit-linked securities
KBC Finance Ireland	Dublin – IE	100.00	Lending
KBC Financial Products (group)	Various locations	100.00	Shares and derivatives trading
KBC Internationale Financieringsmaatschappij NV	Rotterdam – NL	100.00	Issuance of bonds
KBC Lease (group)	Various locations	100.00	Leasing
KBC Private Equity NV	Brussels – BE	100.00	Private equity
KBC Real Estate NV	Brussels – BE	100.00	Real estate
KBC Securities NV	Brussels – BE	100.00	Stock exchange broker/corporate finance
K&H Bank Rt.	Budapest – HU	100.00	Credit institution
Kredyt Bank SA	Warsaw – PL	80.00	Credit institution
Main proportionately consolidated subsidiaries			
-	-	-	-
Main companies accounted for using the equity method			
Nova Ljubljanska banka d.d. (NLB)	Ljubljana – SI	25.00	Credit institution

A full list of companies belonging to KBC Bank is provided in its 2011 Annual Report.

6 General description of activities of KBC Bank Group

KBC Bank Group is a multi-channel bank that caters primarily to private persons, small and medium-sized companies and midcaps. Its geographic focus is on Europe. In its two home markets (Belgium and Central and Eastern Europe), it has important to (in some cases) even leading positions. In some markets, according to the strategic plan, it aims to position itself among the market leaders and in those markets it adopts a general approach. In other markets, it will operate as a 'selective champion' and focus on specific customer/product segments. In the rest of the world, KBC Bank Group has a selective presence in certain countries or areas.

KBC Bank Group's core business is retail and private bancassurance (including asset management) in its two home markets, although it is also active in providing services to corporations and market activities. Across these home markets, KBC Bank Group is active in a large number of products and activities, ranging from the plain vanilla deposit, credit, asset management and insurance businesses (via its sister company, KBC Insurance), to specialized activities (which are conducted out of specialized departments at head office or specialized KBC Bank Group companies) such as payments services, dealing room activities (money and debt market activities), brokerage and corporate finance, clearing, foreign trade finance, international cash management and leasing etc.

As set out in the strategic plan, the KBC Bank Group is refocusing its business on its core bancassurance activities in Belgium and a number of countries in Central and Eastern Europe (the home markets, i.e. Czech Republic, Slovakia, Hungary and Bulgaria). Therefore, a number of subsidiaries and activities, many of which related to investment banking activities, have been or are planned to be built down or sold in the coming years. International corporate lending outside the home markets is being downscaled.

The progress of the execution of this strategic refocusing exercise is commented upon in the 2011 Annual Reports of KBC Bank and KBC Group and (in an abbreviated form) further on in this section. In 2010, 2011 and early 2012, a number of divestment transactions were carried out, including the divestment of, *inter alia*, a large number of activities of KBC Financial Products (US reverse mortgage portfolio, Japanese cash equity operations, US life settlement portfolio, convertible bond and Asian equity derivatives), KBC Peel Hunt, British and Irish activities of KBC Asset Management, KBC Securities Baltic investment Company, KBC Business Capital, Secura (subsidiary of KBC Insurance, a sister company of KBC Bank), Centea, Fidea (subsidiary of KBC Insurance, a sister company of KBC Bank), KBL European Private Bankers (sister company of KBC Bank, deal not yet closed), KBC Concord Asset Management, KBC Goldstate, the activities of KBC Securities in Serbia and Romania and WARTA (subsidiary of KBC Insurance, a sister company of KBC Bank ; not yet closed). In February 2012, KBC announced that it had concluded an agreement with Banco Santander S.A. with regard to the merger of the respective Polish subsidiaries, Bank Zachodni WBK and Kredyt Bank (subsidiary of KBC Bank), ultimately with the aim to sell KBC's shareholding in the merged bank (deal not yet closed). In addition, the gradual run-down of the credit portfolio outside the home markets is progressing well and a number of other projects are being prepared.

7 Belgium Business Unit

This Business Unit brings together all of the Group's retail and private banking and insurance activities in Belgium. More specifically, it comprises the Belgian retail and private banking activities of KBC Bank, the Belgian activities of KBC Insurance and the activities of a number of Belgian subsidiaries of KBC Bank and KBC Insurance.

The main KBC Bank Group entities belonging to this Business Unit in 2011 are CBC Banque, KBC Asset Management, KBC Lease (retail), KBC Consumer Finance and the Belgian retail and private banking activities of KBC Bank. Centea also belongs to the Belgium Business Unit but, as it is earmarked for divestment, its results were shifted to the "Group Centre" in KBC Group's 2010 Annual Report (an agreement for its sale was signed mid March 2011).

Network

Bank network in Belgium (as at 31st December, 2011)*	Market share	Retail and Private Bank Branches
KBC Bank, CBC Banque	19%	818

* Figures for market share relate to customer deposits and credits (average of the two); figures for market shares are own KBC Bank estimates.

At the end of 2011, KBC Bank Group had a network of over 800 retail branches and private banking branches in Belgium (KBC Bank branches in the Dutch-speaking part of Belgium and CBC Banque branches in the French-speaking part of Belgium). The 26 corporate branches in Belgium are mentioned further on, under the Merchant Banking Business Unit section. Up to its sale mid 2011, the Belgian retail market was also catered to by the agencies of the retail savings bank Centea, a subsidiary of KBC Bank at that time, which was sold to Landbouwkrediet/Crédit Agricole on 1 July 2011.

The retail branches of KBC Bank and CBC Banque focus on providing private persons and small SMEs in Belgium with a broad area of credit, deposit and asset management products and services, as well as insurance products (in co-operation with KBC Bank's sister company, KBC Insurance).

The private banking branches of KBC Bank and CBC Banque offer high-net-worth customers a broad range of private banking services. Via these branches, KBC Bank provides both advisory and discretionary portfolio management services, tailored to clients' individual needs and objectives.

KBC Bank and CBC Banque serve, based on its own estimates, over 3 million customers in Belgium.

Bancassurance

The Group considers itself to be an integrated bancassurer. Certain shared and support services are organised at group level, serving the entire Group, and not just the bank or insurance businesses separately. It is the Group's aim to continue to actively encourage the cross-selling of bank and insurance products. The success of the Group's bancassurance model is in part due to the co-operation that exists between the bank branches of KBC Bank and the insurance agents of KBC Insurance, whereby the branches sell standard insurance products to retail customers and refer their customers to the insurance agents for non-standard products. Claims-handling is the responsibility of the insurance agents, the call centre and the head office departments at KBC Insurance.

Market share

As of 31st December, 2011, KBC Bank Group had, based on its own estimates, an 17 per cent. share of the Belgian deposit market and a 21 per cent. share of the lending market Over the past few years, KBC Bank

Group has built up a strong position in investment funds too, and leads the Belgian market with an estimated share of 39 per cent.

Electronic channels

KBC Bank Group's brick-and-mortar networks in Belgium are supplemented by electronic channels, such as ATMs, telephones and the Internet.

Main events in 2011 and early 2012 (up to 10 May 2012)

Reference is made to KBC Bank's 2011 Annual Report, section 'Report of the Board of Directors' and KBC Group's Extended Quarterly Report 1Q201, as incorporated by reference herein (see "*Documents incorporated by reference*" above).

As set out in the strategic plan, the KBC Bank Group is refocusing on its core bancassurance activities in Belgium and selected countries in Central and Eastern Europe. A number of subsidiaries and activities are planned to be scaled back or sold.

For the Belgium Business Unit, the KBC Bank Group's core strategy will continue to be based on relationship bancassurance via a dense network. The strategic plan includes the planned divestment of the complementary sales channel of Centea (sold on 1 July 2011) and Fidea (belonging to KBC Insurance, sold on 30 March 2012). In 2010, a program was initiated to further enhance the KBC Bank Group's commercial network in Belgium.

8 Central & Eastern Europe Business Unit

This Business Unit comprises all the Group's banking and insurance activities (i.e. retail bancassurance and merchant banking) pursued in Central and Eastern Europe.

The main KBC Bank Group entities that belonged to this business unit in 2011 were CIBANK (Bulgaria), ČSOB (Slovakia), ČSOB (Czech Republic), and K&H Bank (Hungary). Absolut Bank (Russia), Nova Ljubljanska banka (NLB, Slovenia; minority share) and Kredyt Bank (Poland) also belong to this Business Unit, but as they are earmarked for divestment, their results were shifted to the "Group Centre" in the financial reporting as of 2010.

Network

Over the past few years, KBC Bank Group has built up an extensive network in a number of countries in Central and Eastern Europe. As of 31st December, 2011, this network consisted of 806 branches operated by its subsidiaries in the home markets, being ČSOB in the Czech Republic, ČSOB in Slovakia, K&H Bank in Hungary, and CIBANK in Bulgaria. Bank branches in the non-home markets of Poland, Russia and Serbia totalled roughly 500. In its four home countries, KBC Bank Group caters to an estimated 4.7 million customers. This customer base, along with the Group's insurance customers in the region (via KBC Insurance subsidiaries), make the Group one of the larger financial groups in the Central & Eastern European region.

Bank network in Central and Eastern Europe (as at 31st December, 2011)1		**Estimated market share**	**Bank Branches**
Home countries			
Czech Republic	ČSOB	20%	314

Bank network in Central and Eastern Europe (as at 31st December, 2011)1		Estimated market share	Bank Branches
Slovakia	ČSOB	10%	129
Hungary	K&H Bank	9%	246
Bulgaria	CIBANK	3%	117
Other countries (to be divested in future)			
Poland	Kredyt Bank	3-4%	
Serbia[2]	KBC Banka[2]	>1%	
Russia	Absolut Bank	<1%	

1. Figures for market share relate to customer deposits and credits (average of the two) and are KBC Bank's own estimates. Excluding the minority stake in Nova Ljubljanska banka in Slovenia.

2. KBC Banka is a subsidiary of KBC Insurance, a sister company of KBC Bank.

Bancassurance

The Group's bancassurance concept (see under Belgium Business Unit) has over the past few years been exported to its Central and Eastern European entities. In order to be able to do so, the Group has built up a second home market in Central and Eastern Europe in insurance (via KBC Insurance). The Group now has an insurance business in every Central and Eastern European home country. In the Czech Republic, the Group's insurer is ČSOB Pojist'ovňa, in Slovakia, ČSOB Poist'ovňa, in Hungary, K&H Insurance and in Bulgaria, DZI Insurance. In Poland, the group's insurer is WARTA, for which a sale agreement was already signed (not yet closed). Contrary to the situation in Belgium, the Group's insurance companies in Central and Eastern Europe operate not only via tied agents (and bank branches) but also via other distribution channels, such as insurance brokers and multi-agents.

Market share

As of 31st December, 2011, the KBC Bank Group's estimated market share (the average of the share of the lending market and the deposit market) came to 20 per cent. in the Czech Republic, 10 per cent. in Slovakia, 9 per cent. in Hungary, and 3 per cent. in Bulgaria (rounded figures). The market shares in both Serbia and Russia are limited; in Poland, the market share of Kredyt Bank is roughly 3 to 4 per cent. Given the increasing sophistication of these markets, there has been a shift to some extent from traditional deposits to off-balance-sheet products, such as investment funds. KBC Bank Group also has a strong position in the investment fund market in Central and Eastern Europe (estimated at 31 per cent. in the Czech Republic, 10 per cent. in Slovakia, and 20 per cent. in Hungary).

Electronic channels

Just as in Belgium, the brick-and-mortar networks in Central and Eastern Europe are supplemented by electronic channels, such as ATMs, telephone and the Internet.

Expansion

No significant acquisitions are planned in the foreseeable future.

In 2011, KBC Bank and the International Finance Corporation (IFC) – the private sector arm of the World Bank Group – signed and closed an agreement through which KBC Bank acquired a large part of IFC's 5% stake in Absolut Bank. The sale is the result of the IFC exercising the put option it had agreed with KBC Bank in 2007. As a result, KBC Bank now holds a 99% stake in Absolut Bank.

Main events in 2011 and early 2012 (up to 10 May 2012)

Reference is made to KBC Bank's 2011 Annual Report, section 'Report of the Board of Directors' and KBC Group's Extended Quarterly Report 1Q201, as incorporated by reference herein (see "*Documents incorporated by reference*" above).

For the Central and Eastern Europe Business Unit, the core strategy is based on a refined bancassurance model in selected countries (Czech and Slovak Republics, Hungary and Bulgaria). Absolut Bank (Russia), KBC Banka (Serbia, subsidiary of KBC Insurance) and (the minority share in) Nova Ljubljanska banka (Slovenia) are considered to be non-core in the strategy and are planned to be divested in future. Following a change to the strategic plan mid 2011*, Kredyt Bank is now also to be divested. In February 2012, KBC announced that it had concluded an agreement with Banco Santander S.A. with regard to the merger of the respective Polish subsidiaries, Bank Zachodni WBK and Kredyt Bank (subsidiary of KBC Bank), ultimately with the aim to sell KBC's shareholding in the merged bank (deal not yet closed).

* On 13 July 2011, it was announced that KBC Group had formally applied to the European Commission to amend its 2009 strategic plan. KBC Group and the Belgian authorities formally applied to the European Commission for its approval to replace the planned IPOs of a minority stake in CSOB Bank (Czech Republic) and in K&H Bank (Hungary), as well as the sale and lease back of KBC's head office in Belgium, by the divestment of KBC's Polish subsidiaries, Kredyt Bank (subsidiary of KBC Bank) and Warta (subsidiary of KBC Insurance), and their subsidiaries, and the sale or unwinding of selected ABS and CDO assets. The application was approved by the European Commission on 27 July 2011.

KBC Bank's 2011 Annual Report, section 'Report of the Board of Directors' also provides details on the loan portfolio of K&H Bank in Hungary, a feature of which is the relatively large share of retail loans in foreign currency. New legislation in Hungary regarding this issue caused K&H Bank to book significant additional loan loss provisions in 2011.

9 Merchant Banking Business Unit

The Merchant Banking Business Unit comprises the Group's banking services provided to larger SMEs and corporate customers, as well as all market activities (apart from the merchant banking activities performed by the Group companies in Central and Eastern Europe, which are recorded under the Central and Eastern Europe Business Unit).

The main KBC Bank Group entities belonging to this Business Unit in 2011 were KBC Commercial Finance (Belgium), the merchant banking activities of KBC Bank NV, KBC Bank Ireland (Ireland), KBC Credit Investments (Belgium), KBC Lease (corporate), KBC Internationale Financieringsmaatschappij (Netherlands), and KBC Securities (various countries).

Antwerp Diamond Bank (various countries), KBC Bank Deutschland (Germany), KBC Financial Products (various countries – various activities already divested), and KBC Peel Hunt (UK - already sold) also belong to the Merchant Banking Business Unit, but as they are earmarked for divestment, their results were shifted to the "Group Centre" in the financial reporting as of 2010.

Network

The 26 corporate branches of KBC Bank and CBC Banque (succurales) in Belgium provide products and services to corporates in Belgium (mainly large SMEs). Outside Belgium (and Central & Eastern Europe),

KBC Bank Group concentrates on merchant banking through a network of KBC Bank representative offices, branches and subsidiaries. The KBC Bank representative offices and branches are located mainly in Western Europe, Southeast Asia and the United States. As set out in the strategic plan, the main focus of these representative offices and branches is to serve customers that already do business with KBC Bank Group's Belgian or Central & Eastern European network. As a result many of the other (niche) activities are considered non-core and are being built-down, stopped or sold, and the credit portfolio is being scaled down.

Corporate banking activities are also performed by a number of subsidiaries, including KBC Bank Deutschland and KBC Bank Ireland (an Irish bank that provides financial services to SMEs and corporate customers, and also has a sizeable share of the home loan market – KBC Bank's annual report provides details on the portfolio of this subsidiary). KBC Bank Group also provides specialised corporate services via subsidiaries that specialise in the area of real estate services, leasing and factoring, finance for the diamond trade etc. In the strategic plan, a number of these activities are considered non-core and are marked for divestment.

Besides corporate banking, KBC Bank Group is also involved in a number of market activities, including dealing room activities (money and debt market activities via a number of dealing rooms in Europe, the United States and South East Asia), brokerage and corporate finance (mainly via KBC Securities), other specialised market activities (via KBC Financial Products; many activities have already been sold), etc. In the new strategy, a number of these activities are considered non-core and are being built down, stopped or sold. For some of the planned divestments, a sale agreement has already been signed.

Market share

As of 31st December, 2011, KBC Bank Group accounted for (based on its own rough estimates) approximately a quarter of the Belgian commercial credit market.

Electronic channels

KBC Bank Group offers various electronic services to its business customers, including KBC-Online for Business, KBC-Fleximes (an internet channel that customers can use to apply to KBC Bank for documentary credit, documentary collections and international bank guarantees or to modify such facilities), Go & Deal (an internet channel that customers can use to trade FX and money market cash products) and W1SE, which enables companies to remotely initiate and approve local and cross-border payments and direct debits.

Main events in 2011 and early 2012 (up to 10 May 2012)

Reference is made to KBC Bank's 2011 Annual Report, section 'Report of the Board of Directors' and KBC Group's Extended Quarterly Report 1Q201, as incorporated by reference herein (see "*Documents incorporated by reference*" above).

In the strategic plan, the KBC Bank Group will refocus on its core bancassurance activities in Belgium and selected countries in Central and Eastern Europe. A number of subsidiaries and activities, many of which related to investment banking activities, are planned to be built down or sold. For the Merchant Banking Business Unit, this entails a major reduction of scope and risk profile.

As to KBC Bank Group's presence in Ireland (via KBC Bank Ireland), note that details on the Irish loan book (including related impairments) are provided in the annual report. In 2011, KBC Bank set aside approximately €500 million in additional loan loss provisions for this Irish loan book and as at end 2011, approximately 17.7 per cent. of the Irish loan book was classified as non-performing. In 1Q2012, €200 million in additional loan loss provisions were booked and 20.5 per cent. of the portfolio was non-performing.

During 2010 and 2011, a number of merchant bank activities and subsidiaries were sold, including KBC Peel Hunt (management buy-out), KBC Business Capital, KBC Securities Baltic Investment Company (management buy-out), a number of activities of KBC Financial Products and the activities of KBC Securities in Serbia and Romania.

10 Group Centre

As already explained, in KBC Group's financial reporting, the results of the major companies that are earmarked for divestment were shifted to the Group Centre. These companies were mentioned in earlier paragraphs.

11 Competition

All of KBC Bank Group's operations face competition in the sectors they serve.

Depending on the activity, competitor companies include other commercial banks, saving banks, loan institutions, consumer finance companies, investment banks, brokerage firms, insurance companies, specialised finance companies, asset managers, private bankers and investment companies etc.

In both Belgium and Central & Eastern Europe, KBC Bank Group has an extensive network of branches and/or agencies and the KBC Bank Group believes most of the its companies have a strong name brand recognition in their respective markets.

In Belgium, KBC Bank Group is perceived as one of the top three financial institutions. For certain products or activities (for example in the area of investment funds), KBC Bank Group has, based on its own estimates, a leading position. The main competitors in Belgium are BNP Paribas Fortis, Belfius and ING, although for certain products, services or markets, other financial institutions may also be important competitors.

In the Central & Eastern Europe region, the KBC Bank Group is, based on its own estimates, one of the leading financial groups, occupying significant positions in banking. In this respect, the KBC Bank Group competes in each of these countries against local financial institutions, as well as subsidiaries of other large foreign financial groups (such as Erste Bank, Unicredit and others).

In the rest of the world, KBC Bank Group's presence mainly consists of a limited number of branches and subsidiaries. In this case, KBC Bank Group faces competition both from local companies and from international financial groups.

12 Risk management

Risk management in the Group is effected group-wide. As a consequence, the risk management for KBC Bank is embedded in the Group risk management and cannot be seen separately from it.

A description of risk management is available in the 2011 Annual Report of KBC Bank and KBC Group and to a larger extent in the 2011 Risk Report of KBC Group. Below, only a selection of this information is provided - for a full overview, please refer to the annual reports and the Risk Report of KBC Group.

Risk governance

Mainly active in banking, insurance and asset management, the Group is exposed to a number of typical risks such as - but certainly not exclusively - credit risk, market risks (e.g. movements in interest rates, capital markets risk, currency risk, liquidity risk), insurance underwriting risk, operational risk, exposure to emerging markets, changes in regulations, customer litigation as well as the economy in general. It is part of the

business risk that the macroeconomic environment and the ongoing restructuring plans may have a negative impact on asset values or generate additional charges beyond anticipated levels.

Below follows a description of credit risks, market risk (trading & non-trading activities)liquidity risks and operational risks. A selection of figures on credit risk, ALM and market risk in trading activities are provided further on.

- Credit risk is the potential negative deviation from the expected value of a financial instrument arising from the non-payment or non performance by a contracting party (for instance, a borrower, guarantor, insurer or re-insurer, counterparty in a professional transaction or issuer of a debt instrument), due to that party's insolvency, inability or lack of willingness to pay or perform, or to events or measures taken by the political or monetary authorities of a particular country (country risk). Credit risk thus encompasses default risk and country risk, but also includes migration risk which is the risk for adverse changes in credit ratings.

- Market risk in non-trading activities (also known as Asset/Liability Management)) is the process of managing the Group's structural exposure to market risks. These risks include interest rate risk, equity risk, real estate risk, foreign exchange risk and inflation risk.

- Liquidity risk is the risk that an organisation will be unable to meet its payment obligations as they come due, without incurring unacceptable losses. The principal objective of KBC Bank Group's liquidity management is to be able to fund such needs and to enable the core business activities of KBC Bank Group to continue to generate revenue, even under adverse circumstances.

- Market risk is defined as the potential negative deviation from the expected economic value of a financial instrument caused by fluctuations in market prices, i.e. interest rates, exchange rates and equity or commodity prices. Market risk also covers the risk of price fluctuations in negotiable securities as a result of credit risk, country risk and liquidity risk. The interest rate, foreign exchange and equity risks of the non-trading positions in the banking book are all included in ALM exposure.

- Operational risk is the risk of loss resulting from inadequate or failed internal procedures, people and systems or from external events. Operational risks include the risk of fraud, and legal, compliance and tax risks.

The Group's risk governance framework defines the responsibilities and tasks required to manage value creation and the associated risks. During 2010, The Group's risk management framework underwent significant changes with regard to governance and structure. The goal of these changes was to further improve the group's ability to deal decisively with major economic events in the future by creating an adjusted and comprehensive integrated model that aligns all dimensions of risk, capital and value management.

Credit risk

Although a number of transactions involve credit risk, the main source of credit risk is the loan & investment portfolio of KBC Bank Group. A snapshot of this portfolio is shown in the table below.

Loan & investment portfolio:

The loan & investment portfolio is mainly the result of what can be considered as pure, traditional lending activities. It includes all retail lending such as mortgage loans and consumer loans, all corporate lending such as (committed and uncommitted) working capital credit lines, investment credit, guarantee credit and credit derivatives (protection sold) and all non-government debt securities in the investment books of the group's bank entities. The table excludes other credit risks, such as trading exposure (issuer risk), counterparty risk

associated with interprofessional transactions, international trade finance (documentary credit, etc.) and government bonds.

As far as the banking activities are concerned, the main source of credit risk is the loan and investment portfolio. This portfolio is the result of what can be considered as pure, traditional lending activities. It includes all retail lending such as mortgage loans and consumer loans, all corporate lending such as (committed and uncommitted) working capital credit lines, investment credit, guarantee credit and credit derivatives (protection sold) and all non-government debt securities in the investment books of the group's bank entities. It excludes other credit risks, such as trading exposure (issuer risk), counterparty risk associated with interprofessional transactions, international trade finance (documentary credits, etc.) and government bonds.

Loan portfolio, KBC Bank Group*

	31st December, 2009	31st December, 2010	31st December, 2011
Total loan portfolio (in billions of EUR)			
Amount granted	198	192	186
Amount outstanding	163	161	156
Loan portfolio breakdown by business unit (as a per cent., of the portfolio of credit granted)			
Belgium	29 per cent.	31 per cent.	34 per cent.
CEE	22 per cent.	18 per cent.	19 per cent.
Merchant banking	40 per cent.	36 per cent.	37 per cent.
Group Centre (includes planned divestments)	9 per cent.	15 per cent.	10 per cent.
Total	100 per cent.	100 per cent.	100 per cent.
Loan portfolio breakdown by sector (selected sectors as a per cent. of the portfolio of credit granted)			
Real estate	7 per cent.	7 per cent.	7 per cent.
Electricity	3 per cent.	2 per cent.	2.3 per cent.
Aviation	0.3 per cent.	0.3 per cent.	0.3 per cent.
Automobile industry	2 per cent.	2 per cent.	2.1 per cent.
Impaired loans (in millions of EUR or per cent.)			
Amount outstanding	8,732	10,928	11,205
Specific loan impairments	3,696	4,656	4,850
Portfolio-based loan impairments	323	351	341
Credit cost ratio, per business unit			
Belgium	0.15 per cent.	0.15 per cent.	0.10 per cent.
CEE	1.70 per cent.	1.16 per cent.	1.59 per cent.
Merchant Banking	1.19 per cent.	1.38 per cent.	1.36 per cent.
Group Centre (includes planned divestments)	2.52 per cent.	1.17 per cent.	0.36 per cent.
Total	1.12 per cent.	0.91 per cent.	0.83 per cent.

	31st December, 2009	31st December, 2010	31st December, 2011
Non-performing (NP) loans (in millions of EUR or per cent.)			
Amount outstanding	5,427	6,531	7,553
Specific loan impairments for NP loans	2,657	3,273	3,864
Non-performing ratio, per business unit			
Belgium	1.5 per cent.	1.5 per cent.	1.5 per cent.
CEE	4.1 per cent.	5.3 per cent.	5.6 per cent.
Merchant Banking	3.9 per cent.	5.2 per cent.	7.8 per cent.
Group Centre (includes planned divestments)	5.1 per cent.	5.8 per cent.	5.5 per cent.
Total	3.3 per cent.	4.1 per cent.	4.9 per cent.
Cover ratio			
Specific loan impairments for NP loans/Outstanding NP loans	49 per cent.	50 per cent.	51 per cent.
Idem, excluding mortgage loans	59 per cent.	60 per cent.	63 per cent.
Specific and portfolio-based loan impairments for performing and NP loans/outstanding NP loans	74 per cent.	77 per cent.	69 per cent.
Idem, excluding mortgage loans	89 per cent.	96 per cent.	89 per cent.

* Also at 31st March, 2011 including Centea

Impaired loans: on KBC Bank's internal Probability of Default ("PD") scale, impaired loans coincide with the worst loan classes, i.e. loans to clients with a PD of 10, 11 and 12. In respect of these impaired loans, specific loan impairments are recorded under the net present value of the recoverable amount. In addition, a portfolio-based impairment for credit in PD classes 1 to 9 is recognised (based on a formula). Non-performing loans are impaired loans for obligors that are more than ninety days past due (in arrears or overdrawn) and coincide with loans to clients with PD classes 11 and 12. The Non-performing ratio is defined as (amount outstanding of non-performing loans)/(Total outstanding loan portfolio). The credit cost ratio is defined as (net changes in specific and portfolio-based impairment for credit risks)/(average outstanding loan portfolio).

Other credit risks:

As mentioned above, the loan portfolio clearly constitutes the main source of credit risk for the bank. However, a number of activities that are excluded from the credit portfolio figures also contain an element of credit risk, such as short-term commercial exposure (this activity involves export or import finance (documentary credit, pre-export and post-import finance, etc.) and only entails exposure to financial institutions. Risks associated with this activity are managed by setting limits per financial institution and per country or group of countries), the counterparty risk of inter-professional transactions (refers to placements and the pre-settlement risk of derivatives), trading book securities - issuer risk (refers to the potential loss on default by the issuer of the trading securities) and the government securities in the investment portfolio of banking entities. Information on these risks can be found in the annual report.

Structured credit exposure:

In relation to so-called structured credit products, more information is available in the annual report of KBC Group and KBC Bank and in a dedicated Risk Report available on www.kbc.com.

Structured credit exposure (CDOs and other ABS), 31st March, 2012

In the past, the Group acted as an *originator* of structured credit transactions and also *invested* in such structured credit products itself.

The Group (via its subsidiary KBC Financial Products) acted as an originator when structuring CDO deals (based on third-party assets with no sponsoring role for the Group) for itself or for third party investors. For several transactions, protection was bought from credit insurers, mainly MBIA, a US monoline insurer ('hedged CDO-linked exposure' in the table).

The Group invested in structured credit products, both in CDOs (notes and super senior tranches), largely those originated by the Group itself ('unhedged CDO exposure' in the table) and in other ABS ('other ABS' in the table). The main objective at that time was to differentiate risk and to enhance the yield for the re-investment of the insurance reserves and bank deposits it held in surplus of its loans.

In billions of EUR – 31st March, 2012

The Group's investments in structured credit products (CDOs and other ABS)*	
Total nominal amount	18.2
o/w hedged CDO exposure	10.1
o/w unhedged CDO exposure	5.5
o/w other ABS exposure	2.6
Cumulative value markdowns*	-4.8
o/w value markdowns	-4.1
for unhedged CDO exposure	-3.8
for other ABS exposure	-0.3
o/w Credit Value Adjustment (CVA) on MBIA cover	-0.8

* Note that, value adjustments to KBC's CDOs are accounted for via profit and loss (instead of directly via shareholders' equity), since the group's CDOs are mostly of a synthetic nature (meaning that the underlying assets are derivative products such as credit default swaps on corporate names). Their synthetic nature is also the reason why KBC's CDOs are not eligible for accounting reclassification under IFRS in order to neutralise their impact.

In 2011, there was a total notional reduction of 6.8 billion euros, due mainly to the:

- Chiswell CDO reaching maturity (-1.4 billion euros of hedged CDO exposure and -0.2 billion euros of unhedged exposure).
- Sale of the Avebury CDO (-0.5 billion euros of unhedged CDO exposure).
- Lancaster CDO being unwound (-0.4 billion euros of hedged CDO exposure covered by Channel, and -0.1 billion euros of unhedged exposure).
- Early termination of the Fulham Road CDO (-1.7 billion euros of hedged exposure and -0.3 billion euros of unhedged exposure).
- Sale of KBC's exposure to the Wadsworth CDO (-0.5 billion euros of hedged exposure).
- Sale of the underlying ABS assets for the expired Aldersgate and Chiswell CDOs (-0.3 billion euros).
- Sale of impaired assets in the former Atomium portfolio, along with some minor sales, amortisations and prepayments (-1.4 billion euros of other ABS and CDO exposure).

Over the first quarter of 2012, there was a total notional reduction of 2.2 billion euros. The main component of this reduction was the de-risking of two CDOs (Dorset and Newcourt), resulting in a decrease of the outstanding CDO notional with 1.7 billion euros, and the approximately 500 million euros of sales and amortizations of ABSs held by KBC Group.

Since the inception, the outstanding unhedged CDO positions held by KBC experienced net effective losses caused by claimed credit events until 10 April 2012 in the lower tranches of the CDO structure for a total amount of -2.2 billion euros. Of these, -1.9 billion euro's worth of events have been settled. These have had no further impact on P/L because complete value markdowns for these CDO tranches were already absorbed in P/L in the past.

Asset-liability management (market risks in non-trading activities)

The table below shows the extent to which the value of the economic portfolio would change (basis-point-value or BPV) if interest rates were to fall by ten basis points across the entire curve (negative figures indicate a decrease in the value of the portfolio). More details are available in the 2010 annual report of KBC Bank.

BPV of the ALM-book, KBC Bank Group(in millions of EUR)

Average, 1Q 2010	-63
Average, 2Q 2010	-68
Average, 3Q 2010	-69
Average, 4Q 2010	-62
End of period	-55
Maximum in period	-69
Minimum in period	-55
Average, 1Q 2011	-61
Average, 2Q 2011	-62
Average, 3Q 2011	-58
Average, 4Q 2011	-45
End of period	-40
Maximum in period	-65
Minimum in period	-40
Average, 1Q 2012	-56
End of period	-54
Maximum in period	-61
Minimum in period	-53

Market risk management

As already stated before, KBC Bank Group has a number of money and debt capital market dealing rooms in Western and Central and Eastern Europe, the United States and Asia, though the dealing room in Brussels accounts for the majority of the limits and risks.

KBC continued to divest trading activities in its subsidiaries by, inter alia, selling KBL EPB, continuing to wind down the remaining business lines at KBC Financial Products, and selling or unwinding selected ABS and CDO assets.

The table below shows the Historical Value-at-Risk (HVAR; 99 per cent. confidence interval, 1-day holding period, historical simulation) for KBC Bank Group's dealing rooms on the money and capital markets, and for KBC Financial Products. More details are available in the 2011 annual report of KBC Bank.

Market risk HVAR (1-day holding period, in millions of EUR)

	KBC Bank Group[1,2]	KBC Financial Products[3]
Average, 1Q 2010	6	9
Average, 2Q 2010	8	9
Average, 3Q 2010	6	8
Average, 4Q 2010	5	8
End of period	4	7
Maximum in period	15	13
Minimum in period	4	6
Average, 1Q 2011	4	6
Average, 2Q 2011	4	5
Average, 3Q 2011	4	8
Average, 4Q 2011	8	3
End of period	9	6
Maximum in period	10	11
Minimum in period	3	1
Average, 1Q 2012	10	5
End of period	10	1
Maximum in period	11	8
Minimum in period	9	1

1. Excluding 'specific interest rate risk' (measured using other techniques) and swap basis risk.
2. Integrated HVAR, including KBL EPB in 2009, excluding KBL EPB from 2010 on.
3. Excluding the Avebury CDO and Fund Derivatives business line.

Market risk SVAR (10-day holding period, in millions of EUR)[1]

	KBC Bank Group	KBC Financial Products
Average, 1Q 2011	-	-

Average, 2Q 2011	-	-
Average, 3Q 2011	-	-
Average, 4Q 2011	46	14
End of period	36	17
Maximum in period	60	19
Minimum in period	24	11
Average, 1Q 2012[2]	44	14
End of period	42	5
Maximum in period	48	20
Minimum in period	40	5

1. SVAR (Stressed VAR) calculated only as of the fourth quarter of 2011. Unaudited.

2. SVAR figures for 1Q are based on a 60 day window.

13 Staff

In 2011, the KBC Bank Group had, on average on a consolidated basis, about 38,000 employees (full-time or equivalent), the majority of whom were located in Belgium (especially KBC Bank) and Central and Eastern Europe. In addition to talks at works council meetings and at meetings with union representatives and with other consultative bodies, the KBC Bank Group also works closely in other areas with employee associations. There are various collective labour agreements in force.

14 Banking supervision and regulation

Introduction

KBC Bank, a credit institution governed by the laws of Belgium, is subject to detailed and comprehensive regulation in Belgium, and is supervised by the NBB, the Belgian central bank, acting as the supervisory authority for prudential supervision of financial institutions. Since the implementation on 1st April, 2011 of the "Twin Peaks Act", the powers relating to prudential supervision have been transferred from the Banking, Finance and Insurance Commission ("CBFA") to the NBB.

The remaining supervisory powers previously exercised by the CBFA are now exercised by the Financial Services and Markets Authority ("FSMA"). This autonomous public agency is in charge of supervision with regard to conduct of business rules for financial institutions and market supervision.

EU directives have had and will continue to have a significant impact on the regulation of the banking business in the EU, as such directives are implemented through legislation adopted within each Member State, including Belgium. The general objective of these EU directives is to promote the realisation of a unified internal market and to improve standards of prudential supervision and market efficiency through harmonisation of core regulatory standards and mutual recognition among EU Member States of regulatory supervision, and in particular, licensing.

Supervision and regulation in Belgium

The banking regime in Belgium is governed by the Law on the Legal Status and Supervision of Credit Institutions of 22nd March, 1993 and its subsequent modifications (the "Banking Act"). The Banking Act, among other things, implements the European legislation, as coordinated by EC Directive 2006/48/EC of 14th June, 2006 relating to the taking up and pursuit of the business of credit institutions (the "Capital

Requirements Directive") and by EC Directive 2006/49/EC of 14th June, 2006 on the capital adequacy of investment firms and credit institutions (the "Capital Adequacy Directive"). It sets forth the conditions under which credit institutions may operate in Belgium and defines the regulatory and supervisory powers of the NBB. The main objective of the Banking Act is to protect public savings and the stability of the Belgian banking system in general.

Supervision of credit institutions

All Belgian credit institutions must obtain a license from the NBB before they may commence operations. In order to obtain a license and maintain it, each credit institution must fulfil numerous conditions, including certain minimum paid-up capital requirements. In addition, any shareholder holding 10 per cent. or more (directly or indirectly, alone, together with affiliated persons or in concert with third parties) of the capital or the voting rights of the institution must be of "fit and proper" character to ensure proper and prudent management of the credit institution. The NBB therefore requires the disclosure of the identity and participation of any shareholder with a 10 per cent. or greater capital or voting interest. If the NBB considers that the participation of a shareholder in a credit institution jeopardizes its sound and prudent management, it may suspend the voting rights attached to this participation and, if necessary, request that the shareholder transfers to a third party its participation in the credit institution. Prior notification to and non-opposition by the NBB is required each time a person intends to acquire shares in a credit institution, resulting in the direct or indirect ownership of a qualified holding (i.e. 10 per cent.), or 20 per cent., 30 per cent. or 50 per cent. of the capital or voting rights, or when the credit institution would become his subsidiary. Furthermore, a shareholder who wishes to directly or indirectly sell his participation or a part thereof, which would result in his shareholding dropping below any of the above-mentioned thresholds, must notify the NBB thereof. The Belgian credit institution itself is obliged to notify the NBB of any such transfer when it becomes aware thereof. Moreover, every shareholder acquiring, decreasing or increasing its holding (directly or indirectly, alone, together with affiliated persons or in concert with third parties) to 5 per cent. or more of voting rights or capital without reaching the qualifying holding threshold of 10 per cent., must notify the NBB thereof within 10 working days. The Banking Act requires credit institutions to provide detailed periodic financial information to the NBB and, under certain circumstances, the FSMA. The NBB also supervises the enforcement of laws and regulations with respect to the accounting principles applicable to credit institutions. The NBB sets the minimum capital adequacy ratios applicable to credit institutions. The NBB may also set other ratios, for example, with respect to the liquidity and gearing of credit institutions. It also sets the standards regarding solvability, liquidity, risk concentration and other limitations applicable to credit institutions. Pursuant to the Banking Act, the NBB may, in order to exercise its prudential supervision, require that all information with respect to the organization, the functioning, the position and the transactions of a credit institution be provided to it. Further, the NBB supervises, among other things, the management structure, the administrative organization, the accounting and the internal control mechanisms of a credit institution. The NBB may supplement these communications and controls by on-site inspections. The NBB also exercises its comprehensive supervision of credit institutions through Statutory Auditors who cooperate with the NBB in its prudential supervision. A credit institution selects its Statutory Auditor from the list of auditors or audit firms accredited by the NBB. Within the context of the European System of Central Banks, the NBB issues certain recommendations regarding monetary controls. If the NBB finds that a credit institution is not operating in accordance with the provisions of the Banking Act, that its management policy or its financial position is likely to prevent it from honouring its commitments, that it does not provide sufficient guarantees for its solvency, liquidity or profitability or that its management structure, administrative and accounting procedures or internal control systems present serious deficiencies, it will set a deadline by which the situation must be rectified. If the situation has not been rectified by the deadline, the NBB has the power to appoint a special commissioner, to impose additional requirements regarding solvency, liquidity, risk concentration and other limitations, to suspend or prohibit all or part of the credit institution's activities

(including a partial or complete suspension of the execution of current contracts), to order the disposal of all or part of the credit institution's shareholdings, to impose a replacement of the directors, and finally, to revoke the license of the credit institution. In urgent situations the NBB may even impose such measures immediately without regard to the deadline mentioned above. Furthermore, if the circumstances as described in the previous paragraph are likely to impact the stability of the Belgian or international financial system, every act of disposal regarding the credit institution can be taken by Royal Decree, including the sale, transfer or contribution with regard to any or all assets, liabilities or parts, or the shares of the credit institution. Such measures will not alter or end any contracts between the credit institution and a third party. Similar measures can be taken if the credit institution violates the conduct of business rules and thereby impairs the Belgian or international financial system.

Bank governance

Belgian law and regulatory practices make a fundamental distinction between the management of banking activities, which is within the competence of the Executive Committee, and the supervision of management and the definition of the credit institution's general policy, which is entrusted to the Board of Directors. In a circular, the NBB recommends the implementation of this distinction (the "Circular"). The Circular also contains other recommendations to assure the autonomy of the banking function and the proper governance of the credit institution.

As required by the CBFA (now the NBB), KBC Bank has drafted a governance memorandum (the "Governance Memorandum"), which sums up the main characteristics of its policy structure. The policy of a credit institution must meet the principles set out in the Circular. The Governance Memorandum has already been approved by the Board of Directors of KBC Bank and has been submitted for approval to the NBB.

Pursuant to the Banking Act, the members of the Executive Committee need to have the required professional reliability and appropriate experience and the other managers of a credit institution need to have the required expertise and appropriate experience.

Solvency supervision

Capital requirements and capital adequacy ratios are provided for in the Belgian Prudential Supervisor's Regulation on Own Funds of 17th October, 2006 as approved by Ministerial Decree of 27th December, 2006 (the "2006 Decree on Own Funds"), transposing the Basel II-related provisions of the Capital Requirements Directive and the Capital Adequacy Directive. The payment of dividends by Belgian credit institutions is not limited by Belgian banking regulations, except indirectly through capital adequacy and solvency requirements, and is further limited by the general provisions of Belgian company law. The 2006 Decree on Own Funds requires that the solvency of Belgian credit institutions be measured by a ratio that serves as the basis for the calculation of the minimum required capital. This capital requirement is principally determined by the degree of credit risk that is inherent in each item of the balance sheet and in each off-balance-sheet item. Each bank subject to the 2006 Decree on Own Funds must maintain a capital adequacy ratio (the "CAD ratio") of total capital (Tier I and Tier II) to risk-weighted assets, of no less than 8 per cent. The CAD ratio also takes into account market risk with respect to the bank's trading book (including interest rate and foreign currency exposure) and operational risk in the calculation of the weighted risk. The CAD ratio may increase to cover temporary large exposures that exceed the exposure limit described below.

Solvency is also measured by the gearing ratio, which compares shareholders' equity to debt to third parties, as defined in applicable regulations. The 2006 Decree on Own Funds also stipulates that in no event may the total capital of credit institutions be less than total fixed assets.

Large exposure supervision

Belgian regulations also ensure the solvency of credit institutions by imposing limits on the concentration of risk in order to limit the impact of failure on the part of a large debtor. For this purpose, credit institutions must limit the amount of risk exposure to any single counterparty to 25 per cent. of the total capital. Belgian regulations also require that the credit institutions establish procedures to contain concentrations on economic activity sectors and geographic areas.

Equity investments

Belgian credit institutions may make equity investments in commercial and industrial companies. However, such investments (of 10 per cent. or more) may not exceed: (i) 15 per cent. of the shareholders' equity of the credit institution on a per investment basis, or (ii) 45 per cent. of the shareholders' equity of the credit institution in the aggregate.

Money laundering

Belgium has implemented Directive 2005/60/EC of the European Parliament and of the Council of 26th October, 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing by adjusting an Act of 11th January, 1993 (as amended from time to time). This legislation contains a preventive system imposing a number of obligations in relation to money laundering and the financing of terrorism. These obligations are related, among other things, to the identification of the client, special attention for unusual transactions, internal reporting, processing and compliance mechanisms with the appointment of a compliance officer, and employee training requirements. When, after investigation, a credit or financial institution suspects money laundering to be the purpose of a transaction, it must promptly notify an independent administrative authority, the Financial Intelligence Unit. This Unit is designated to receive reports on suspicious transactions, to investigate them and, if necessary, to report to the criminal prosecutors to initiate proceedings. The Belgian Prudential Supervisor has issued guidelines for credit and financial institutions and supervises their compliance with the legislation. Belgian criminal law specifically addresses criminal offences of money-laundering (Article 505, paragraph 1, 2, 3 and 4 of the Criminal Code) and sanctions them with a jail term of a minimum of 15 days and a maximum of five years and/or a penalty of a minimum of €26 and a maximum of €100,000 (to be increased with the additional penalty, or - in other words - to be multiplied by 5).

Consolidated supervision

KBC Bank is subject to consolidated supervision on the basis of the consolidated financial situation of the KBC Bank Group, which covers among other things solvency as described above, pursuant to Article 49, § 4 of the Banking Act.

KBC Asset Management

As from June 2005, the status of KBC Asset Management has been changed from "investment firm" to a "management company of undertakings for collective investment in transferable securities (UCITS)" (a "UCITS-management company"). Its activities are, *inter alia*, the management of UCITS and the management of portfolios of investments in accordance with mandates given by investors on a discretionary, client-by-client basis. KBC Asset Management is subject to detailed, comprehensive regulation in Belgium, supervised by the FSMA.

The UCITS-management company regime in Belgium is governed by the "Law on certain forms of collective management of investment portfolios" of 20th July, 2004 and its subsequent modifications ("Act of 20th July, 2004"). The Act of 20th July, 2004 implements European Directive 2001/107/EC of 21st January, 2002 relating to UCITS, as amended from time to time. This Act regulates management companies and sets forth

the conditions under which UCITS-management companies may operate in Belgium; furthermore, it defines the regulatory and supervisory powers of the FSMA.

The regulatory framework concerning supervision on UCITS-management companies is mostly similar to the regulation applicable to investment firms. The Act of 20th July, 2004 contains, *inter alia*, the following principles:

- certain minimum paid-up capital requirements and rules relating to changes affecting capital structure;
- obligation for management companies to carry out their activities in the interests of their clients or of the UCITS they manage (e.g. creation of Chinese walls);
- obligation to provide, on a periodical basis, a detailed financial statement to the FSMA;
- supervision by the FSMA; and

subjection to the control of Statutory Auditors.

15 Capital Transactions and Guarantee Agreements with the Government in 2008 and 2009

In order to maintain its capital base at a sufficiently high level, KBC Group issued €3.5 billion worth of capital securities to each of the Belgian State and the Flemish Region. In addition it was agreed with the Belgian State that it provide a guarantee relating to (originally) €20 billion of CDO and MBIA-related risk.

The €7 billion core capital securities subscribed by the Belgian State and the Flemish Region of Belgium

Since the end of 2008, KBC Group has issued €7 billion of perpetual, non-transferable core-capital instruments with no voting rights, which rank equally with ordinary shares upon liquidation, to the Belgian State (the *Federale Participatie- en Investeringsmaatschappij*) and the Flemish Region of Belgium (€3.5 billion each). The transaction with the Belgian State was concluded in December 2008 and the transaction with the Flemish Region of Belgium was closed in July 2009. The KBC Group has used the proceeds of these transactions to strengthen the core capital of its banking activities by in total €5.5 billion via ordinary capital increases in KBC Bank and to increase the solvency margin of its insurance activities by €1.5 billion (via ordinary capital increases in KBC Insurance NV). The other features of these transactions are described in the 2011 Annual Report of KBC Group.

On 2 January 2012, KBC Group repaid an initial 500 million euros to the Belgian State, along with a 15 per cent penalty (see the 'Exchange option' feature in the 2011 Annual Report).

The Guarantee Agreement relating to (originally) €20 billion of CDO and MBIA-related risk

In May 2009, KBC reached an agreement with the Belgian State regarding a guarantee arrangement for a substantial part of its structured credit exposure. In brief and simplified, the guarantee relates to a portfolio for a notional amount of (originally) €20 billion, comprising a notional amount of €5.5 billion of super senior and mezzanine CDO investments and €14.4 billion of counterparty risk on MBIA (the US monoline insurer). Against payment of a fee, a guarantee from the State was bought covering 90 per cent. of the default risk beyond a set first loss. The original figures have meanwhile changed substantially (due to investments reaching maturity and various restructurings of the CDO-book). This is reflected in the current structure of the guarantee as set out below ('currently' meaning as at end March 2012). The mentioned figures refer to the aggregate notional amount at risk of all CDOs to which the guarantee relates:

- First Tranche of originally €3.2 billion (currently €1.7 billion): credit losses to be borne by the Group.

- Second Tranche of originally €2 billion (currently €1.5 billion): credit losses to be borne by the Group. The Group can ask the Belgian State to subscribe to new KBC Group shares at market value, for an amount equalling 90 per cent. of the loss in this tranche (10 per cent. of the risk to be retained by KBC Group).
- Third Tranche of originally €14.8 billion (currently €8.9 billion): credit losses of 90 per cent. to be compensated for by the State in cash (10 per cent. of the loss to be retained by KBC Group).

As a result, the potential negative impact from the MBIA- and CDO-exposure is significantly reduced.

16 Strategic plan of KBC Group

The Group has been working on a strategic analysis of its group-wide activities and of the economic and financial environment the Group currently operates in. This effort has resulted in a strategic plan, which has been tested under different macroeconomic scenarios. The plan analyses the Group's business and its proposed future strategy, and also served as a basis for the European Commission to assess the Group's capacity to redeem the capital securities subscribed by the Belgian State and the Flemish Region of Belgium within a reasonable timeframe. This is common practice for European financial institutions that have taken part in economic stimulus plans launched by the EU Member States. The plan was cleared by European regulatory authorities on 18th November, 2009.

Due to the impact of certain changes in the regulatory environment (especially Basel III and draft IFRS on leases), and the difficulty involved in floating K&H in the current circumstances, some measures presented in the initial plan have become less effective or less feasible in achieving the intended aim of repaying the state aid in a timely manner.

The Group therefore proposed to replace the initial public offerings of a minority stake in CSOB Bank (Czech Republic) and K&H Bank (Hungary) and the sale and lease back of the headquarter offices in Belgium foreseen in the initial plan, by the divestment of Kredyt Bank and Warta in Poland and the sale or unwind of selected ABS and CDO assets.

This proposal was accepted by the EU commission on 27th July 2011.

In its new strategy, the Group will refocus on its core bancassurance activities in Belgium and 4 selected countries in Central and Eastern Europe (Czech and Slovak Republics, Hungary and Bulgaria). A number of subsidiaries and activities, many of which related to investment banking activities, are already or will be built down or sold by year end 2013. International corporate lending outside the home markets will be downscaled. Note that the plan provides flexibility to cope with potential setbacks, such as worse-than-anticipated macroeconomic growth figures.

For the Belgium Business Unit, the core strategy will continue to be based on relationship bancassurance via a dense network. It was decided to divest the complementary sales channels of Centea and Fidea (the latter belonging to KBC Insurance) to generate repayment capacity for the capital securities issued to the Belgian and Flemish governments. In March 2011, an agreement to sell Centea was signed with Landbouwkrediet/Crédit Agricole (Belgium). Closing took place in July 2011. In October 2011, an agreement to sell Fidea was signed with JCF III Europe sarl (Luxembourg). Closing took place in March 2012.

For the Central and Eastern Europe Business Unit, the core strategy will be based on a refined bancassurance model in selected countries where the Group has a strong foothold (Czech and Slovak Republics, Hungary and Bulgaria). Kredyt Bank and Warta (including most of their Polish subsidiaries), Absolut Bank (Russia), KBC Banca (Serbia, subsidiary of KBC Insurance), Nova Ljubljanska Banka (Slovenia, minority stake) and Zagiel (Polish consumer finance) are considered to be non-core in the new strategy and are in the process of

being divested. In January 2012, an agreement to sell Warta was signed with Talanx (Germany); the process to obtain regulatory approval is underway. In February 2012, KBC and Banco Santander announced their intention to merge their respective Polish banking subsidiaries, Kredyt Bank and BZ WBK); the process to obtain regulatory approval is underway. Furthermore, in April 2012 an agreement to sell Zagiel was signed with Santander Consumer Finance; the process to obtain regulatory approval is underway.

For the Merchant Banking Business Unit, this strategy entails a major reduction of scope and risk profile as the objective is to exit in an orderly manner from the bulk of the lending and investment banking activities that do not have clear synergies with the Belgium and Central and Eastern European markets. Some branches are/will be closed, while, inter alia, Antwerp Diamond Bank, KBC Bank Deutschland, KBC Finance Ireland, KBC Financial Products and KBC Peel Hunt are earmarked for divestment (some of which were already realised) or wind-down, and the international credit portfolio outside the home markets is being scaled down. The remaining merchant banking activities have a strategic fit with the Group's home market activities. The Group's presence in Ireland via KBC Bank Ireland remains under review for the time being.

The entire former European Private Banking Business Unit (consisting of KBC Bank's sister company KBL European Private Bankers and Vitis Life) is considered non-core and will be divested in order to help pay back the capital securities issued to the Belgian and Flemish governments. An agreement was reached in May 2010 to sell these activities to Hinduja group but this sale was cancelled. A new sales process has been launched and led to an agreement in October 2011 to sell KBL European Private Bankers and Vitis Life being signed with Precision Capital (Luxembourg); the process to obtain regulatory approval is underway.

17 Material Contracts

KBC Bank has not entered into any material contracts outside the ordinary course of its business which could result in any member of the KBC Bank Group being under an obligation or entitlement that is material to KBC Bank's ability to meet its obligations to Noteholders.

For the sake of completeness and clarity, we have to draw attention to the important transactions concluded by KBC Group with the Belgian State and the Regional Flemish government in order to strengthen capital and to become credit protection for a large part of KBC's structured credit exposure. The content of these transactions has been summarised in 15 (Capital Transactions and Guarantee Agreements with the Government in 2008 and 2009).

18 Recent Events

Detailed information is set out in KBC Group's press releases and financial reports, all of which are available on www.kbc.com. For the avoidance of doubt, the information available on the KBC website, www.kbc.com, shall not be incorporated by reference in, or form part of, this Base Prospectus.

Overview of 1Q2012 interim earnings release of KBC Group (parent company of KBC Bank; non-audited, consolidated, IFRS)

The Group ended the first three months of 2012 with a consolidated net profit of €380 million, compared with a net profit of €437 million in the previous quarter and €821 million in the corresponding quarter of 2011. The 'underlying' net result for the quarter under review (after excluding exceptional items) came to €455 million, well up on the net profit of €161 million in 4Q2011 and down on the €658 million in 1Q2011.

Financial highlights for 1Q2012 compared to 4Q2011:

- Good result characterised by sound underlying business.
- Net interest income (net of divestments) sustained by higher loan and deposit volumes in Belgium.

- Margins only slightly impacted by reduced FX loan book in Hungary.
- Net fee and commission income stable on account of higher fees for mutual funds and successful sales of unit-linked life products.
- Combined ratio non-life insurance stands at an excellent 89% year-to-date.
- Increased insurance premium income driven by higher sales of unit-linked life products.
- Very good dealing room performance.
- Underlying cost/income ratio at 58% year-to-date.
- Credit cost ratio at a low 0.66% year-to-date, almost exclusively accounted for by Ireland. When Ireland is excluded, this ratio stands at 0.18%.
- Strong liquidity with a loan-to-deposit ratio of 90%, a good improvement from 94% at the end of 2011.
- Solvency: continued strong capital base: pro forma tier-1 ratio – including the effect of divestments for which an agreement has been signed to date (of publication of 1Q2012 results) – at approximately 15.5% (with a core tier-1 ratio of 13.6%).

More detail can be found in KBC Group's Extended Quarterly report 1Q2012, as incorporated by reference herein (see "*Documents incorporated by reference*" above).

Management of KBC Bank NV

The Board of Directors of KBC Bank has the powers to perform everything that is necessary or useful to achieve the object of the company, with exception of those powers of which, pursuant to the law and the articles of association, solely another body is empowered to perform.

Pursuant to article 26 of the Act of 22nd March, 1993 on the legal status and supervision of credit institutions, and article 524bis of the Companies Code, the Board of Directors of KBC Bank has conferred powers on the Executive Committee to perform the acts referred to in Article 522 of the Companies Code and Article 18 of the articles of association of KBC Bank. However, this transfer of powers relates neither to the definition of general policy, nor to the powers which are reserved to the Board of Directors by the other provisions of the Companies Code. The Board of Directors is responsible for the supervision of the Executive Committee. There are no potential conflicts of interest between the duties to KBC Bank of the Members of the Board of Directors of KBC Bank detailed below and their private interests or other duties.

Members of the Board of Directors of KBC Bank are as follows:

Name and business address	Position	Expiry date of current term of office	External offices
LEYSEN Thomas Dennenlaan 9a Antwerpen 2020	Chairman	2015	Chairman of the Board of Directors of Umicore NV Director of UCB NV Chairman of the Board of Directors of Corelio NV Director of De Vijver NV Executive Director of Mediacore NV Executive Director of Tradicor NV

Name and business address	Position	Expiry date of current term of office	External offices
			Executive Director of Booischot NV
			Chairman of the Board of Directors of KBC Verzekeringen NV
DE RAYMAEKER Danny	Executive Director	2012	Member of the Executive Committee of KBC Groep NV
KBC Bank NV Havenlaan 2 1080 Brussel			Executive Director of KBC Verzekeringen NV
			Chairman of the Executive Committee of KBC Global Services NV
			Chairman of the Supervisory Board of KBC Asset Management SA
			Chairman of the Supervisory Board of KBC Fund Management Limited
			Member of the Supervisory Board of Valuesource NV
			Member of the Supervisory Board of Valuesource Technologies Private Limited
			Chairman of the Supervisory Board of KBC Lease Holding NV
			Chairman of the Supervisory Board of CSOB Leasing a.s. (CR)
			Chairman of the Supervisory Board of CSOB Leasing a.s. (SR)
			Chairman of the Supervisory Board of Zagiel S.A.
			Member of the Board of Directors of Romstal Leasing IFN S.A.
			Member of the Supervisory Board of Kredyt Lease SA
GIJSENS Lucien	Executive Director	2015	Chairman of the Board of Directors of Old Broad Street Invest NV
KBC Bank NV Havenlaan 2 1080 Brussel			Member of the Executive Committee of KBC Groep NV
			Executive Director of KBC Verzekeringen NV
			Non-executive Director of KBC Bank Deutschland AG
			Non-executive Director IIB Finance

Name and business address	Position	Expiry date of current term of office	External offices
			Ireland
			Non-executive Director of KBC Investments Limited
			Non-executive Director of KBC Financial Holding Inc.
			Non-executive Director of KBC Financial Products UK Limited
			Non-executive Director of Mezzafinance NV
			Non-executive Director of KBC Securities NV
			Non-executive Director of KBC Private Equity NV
			Non-executive Director of KBC Financial Products Hong Kong Limited Ltd.
			Non-executive Director of KBC Alternative Investment Management Limited
			Non-executive Director of KBC Global Services NV
			Non-executive Director of KBC Bank Ireland Plc.
			Non-executive Director of Gemma Frisius-Fonds K.U. Leuven NV
			Non-executive Director of KBC Credit Investments NV
HOLLOWS John	Executive Director	2013	Non-executive Director of Nova Ljubljanska banka d.d. "NLB"
KBC Bank NV Havenlaan 2 1080 Brussel			Executive Director of KBC Verzekeringen NV
			Executive Director of KBC Groep NV
			Member of the Board of Directors of KBC Global Services NV
POPELIER Luc	Executive Director	2013	Executive Director of KBC Verzekeringen NV
KBC Bank NV Havenlaan 2 1080 Brussel			Executive Director of KBC Groep NV
			Executive Director of KBC Global

Name and business address	Position	Expiry date of current term of office	External offices
			Services NV
			Non-executive Director of KBC Bank Ireland Plc.
			Non-executive Director of KBC Financial Products UK Limited
THIJS Johan	Executive Director	2013	Non-executive Director of CBC BANQUE SA
KBC Bank NV Havenlaan 2 1080 Brussel			Non-executive Director of FIDEA NV
			Non-executive Director of Group VAB NV
			Executive Director of KBC Verzekeringen NV
			Non-executive Director of Towarzystwo Ubezpieczeń i Reasekuracji WARTA SA
			Executive Director of KBC Global Services NV
			Non-executive Director of ADD NV
			Non-executive Director of KBC Financial Indemnity Insurance SA
			Non-executive Director of Directors of Kredietcorp SA
			Non-executive Director of Assuralia
			Non-executive Director of Towarzystwo Ubezpieczeń na Życie WARTA SA
			Non-executive Director of KBC Group NV
			Non-executive Director of FBD Holding Plc
VOLJC Marko	Executive Director	2014	Non-executive Director of K&H Bank Zrt
KBC Bank NV Havenlaan 2 1080 Brussel			Member of the Executive Committee of KBC Groep NV
			Executive Director of KBC Verzekeringen NV
			Non-executive Director of Commercial bank “Absolut Bank” (ZAO)

Name and business address	Position	Expiry date of current term of office	External offices
			Non-executive Director of Towarzystwo Ubezpieczen i Reasekuracji WARTA SA
			Non-executive Director of Towarzystwo Ubezpieczen na Zycie WARTA SA
			Executive Director of KBC Global Services NV
			Executive Director of Ceskoslovenska Obchodní Banka a.s. (SR)
			Non-executive Director of Československá Obchodní Banka a.s.(CR)
			Non-executive Director of CSOB Pojist'ovna a.s.
			Non-executive Director of CIBANK AD
			Non-executive Director of Kredyt Bank SA
			Non-executive Director of DZI Insurance Plc
			Non-executive Director of DZI - HEALTH INSURANCE AD
			Non-executive Director of DZI - GENERAL INSURANCE JSC
DE JONG Jan Maarten	Independent Director	2013	Non-executive Director of Heineken NV
"Vondelstaete" P.C. Hooftstraat 175-B 1071 BW Amsterdam			Non-executive Director of Nutreco Holding NV
			Non-executive Director of Onderlinge Levensverzekeringsmaatschappij 's-Gravenhage
			Non-executive Director of AON Groep Nederland BV
			Non-executive Director of CRH Plc
DE WILDE Julien	Independent Director	2014	Non-executive Director of Arseus
Jabekestraat 49 9230 Wetteren			Non-executive Director of Nyrstar NV
			Non-executive Director of Telenet Group Holding NV

Name and business address	Position	Expiry date of current term of office	External offices
DEPICKERE Franky	Non-executive Director	2015	Executive Director of Almancora Beheersmaatschappij NV
Cera Philipssite 5/10 3001 Leuven			Non-executive Director of Commercial bank “Absolut Bank” (ZAO)
			Executive Director of Cera cvba
			Non-executive Director of MIKO NV
			Executive Director of Cera Beheersmaatschappij NV
			Executive Director of BRS VZW
			Non-executive Director of Cera Ancora VZW
			Non-executive Director of International Raiffeisen Union e.V.
			Non-executive Director CBC BANQUE SA
			Non-executive Director of KBC Groep NV
			Non-executive Director of Almancora VZW
			Non-executive Director of Euro Pool System International BV
			Non-executive Director of KBC Verzekeringen NV
DISCRY Luc	Non-executive Director	2014	Executive Director of Cera CVBA
Cera Philipssite 5 B 10 3001 Leuven			Non-executive Director of KBC Verzekeringen NV
			Non-executive Director of KBC Groep NV
			Executive Director of De Onderlinge Ziekenkas
			Executive Director of Almancora Beheersmaatschappij NV
			Executive Director of Cera Beheersmaatschappij NV

Name and business address	Position	Expiry date of current term of office	External offices
VANTHEMSCHE Pieter	Non-executive Director	2015	Non-executive Director of Gimv-Agri+ Investment Fund
MRBB Diestsevest 40 3000 Leuven			Non-executive Director of KBC Groep NV
			Non-executive Director of M.R.B.B. cvba - Maatschappij voor Roerend Bezit van de Boerenbond
			Non-executive Director of Agri Investment Fund CVBA
			Non-executive Director of BB-Patrim CVBA
			Director of KBC Verzekeringen NV
WITTEMANS Marc	Non-executive Director	2014	Non-executive Director of KBC Groep NV
MRBB cvba Diestsevest 40 3000 Leuven			Non-executive Director of Agro Services CVBA
			Non-executive Director of Aktiefinvest CVBA
			Non-executive Director of Arda Immo NV
			Non-executive Director of Acerta CVBA
			Non-executive Director of Acerta Consult CVBA
			Non-executive Director of SBB Accountants en Belastingconsulenten BV cvba
BOSTOEN Alain	Non-executive Director	2016	Executive Director of Quatorze Juillet BVBA
Coupure 126 9000 Gent Belgium			Delegate Director of AGROBOS NV
			Non-executive Director of KBC Group NV
			Member of the Board of Directors of KBC Verzekeringen NV

Name and business address	Position	Expiry date of current term of office	External offices
			Executive Director of Christeyns NV
			Executive Director of ALGIMO NV
TYTGADT Alain	Non-executive Director	2016	Non-executive Director of KBC Group NV
Prinses Josephinelaan 7 8300 Knokke-Heist Belgium			Chairman of the Board of Directors of Metalunion CVBA
			Non-executive Director of Hallex NV
			Non-executive Director of Hallex Nederland BV
			Non-executive Director of Sloestal BV
			Chairman of the Board of Directors of Sinfonia Investments NV
			Non-executive Director of Sobemetal NV
			Non-executive Director of KBC Verzekeringen NV
FALQUE Daniel	Executive Director	2016	Executive Director of CBC BANQUE SA
Bovenbosstraat 78 3053 Haasrode Belgium			Executive Director of KBC Verzekeringen NV
			Member of the Executive Committee of KBC Group NV
			Executive Director of KBC Asset Management NV
			Non-executive Director of Febelfin
			Member of the Board of Directors of BVB
DONCK Frank	Non-executive Director	2016	Executive Director of 3D NV
Floridalaan 62 1180 Ukkel Belgium			Non-executive Director of Iberanfra BVBA
			Member of the Board of Directors of Ibervest NV
			Non-executive Director of Ter Wyndt NV

Name and business address	Position	Expiry date of current term of office	External offices
			Non-executive Director of Ter Wyndt CVBA
			Member of the Board of Directors of Zenitel NV
			Non-executive Director of Aspel Slovakia sro
			Non-executive Director of KBC Lease Holding NV
			Non-executive Director of Anchorage NV
			Non-executive Director of Aspel Polyform SA
			Executive Director of Hof Het Lindeken CVBA
			Executive Director of Huon & Kauri NV
			Non-executive Director of KBC Group NV
			Non-executive Director of J. Zinner NV
			Non-executive Director of PinguinLutosa NV
			Non-executive Director of Winge Golf NV
			Non-executive Director of KBC Verzekeringen NV
MORLION Lode	Non-executive Director	2016	Executive Director of M&D Invest NV
Weststraat 18 8647 Lo-Reninge Belgium			Chairman of the Board of Directors of Cera Beheersmaatschappij NV
			Member of the Board of Directors Woonmaatschappij Ijzer en Zee CVBA
			Non-executive Director of KBC Verzekeringen NV
			Non-executive Director of KBC Group NV
VLERICK Philippe	Member of the Board of Directors	2016	Deputy Chairman of the Board of Directors of KBC Groep NV

Name and business address	Position	Expiry date of current term of office	External offices
Ronsevaalstraat 2 8510 Bellegem Belgium			Non-executive Director of Mercurius Invest NV
			Member of the Board of Directors of Concordia Textiles NV
			Chairman of the Board of Directors of Wilton Weavers Private Ltd.
			Chairman of the Board of Directors of Indus Kamdhenu Fund
			Director of EMTHERICK NV
			Chairman of the Board of Directors of Lurick NV
			Chairman of the Board of Directors of THERICK NV
			Chairman of the Board of Directors of Vlerick Investeringsmaatschappij CVBA
			Chairman of the Board of Directors of Vlerick Vastgoed NV
			Chairman of the Board of Directors of Raymond Uco denim Private Ltd.
			Member of the Board of Directors of B.M.T. Nv
			Member of the Board of Directors of ETEX GROUP SA
			Member of the Board of Directors of IVC NV
			Chairman of the Board of Directors of BATIBIC NV
			Chairman of the Board of Directors of Vobis Finance NV
			Non-executive Director of Isarick NV
			Non-executive Director of Charick NV
			Chairman of the Board of Directors HIFI International SA
			Deputy Chairman of the Board of Directors of KBL European Private Bankers SA
			Managing Director of F.B.I. NV

Name and business address	Position	Expiry date of current term of office	External offices
			Member of the Board of Directors of HALLO NV
			Member of the Board of Directors of HAMON & CIE (INTERNATIONAL) SA
			Chairman of the Board of Directors of UCO NV
			Member of the Board of Directors KBC Verzekeringen NV
			Member of the Board of Directors M.T.V. NV
			Deputy Chairman of the Board of Directors of Durabilis NV
			Managing Director of Point NV
			Managing Director of CECAN Invest Nv
			Executive Director of TESSA LIM NV
			Member of the Board of Directors of Ispahan NV
			Executive Director of Vrij & Vrank CVBA
			Executive Director of Creatio Invest NV
			Chairman of the Board of Directors of Midelco NV
			Deputy Chairman of the Board of Directors of Spector Photo Group NV
			Member of the Board of Directors of BESIX Group NV
			Member of the Board of Directors of EXMAR NV
			Chairman of the Board of Directors of VIT NV
			Chairman of the Board of Directors of Belgian International Carpet C° NV
			Member of the Board of Directors of LVD Company NV
			Deputy Chairman of the Board of Directors of CORELIO NV
			Representative of Hermes Invest NV
			Chairman of the Board of Directors of Pentahold NV

Name and business address	Position	Expiry date of current term of office	External offices
			Deputy Chairman of the Board of Directors of KBC Groep NV
ROUSSIS Theo	Non-executive director	2016	Member of the Board of Directors of K&H Bank Zrt
Poederstraat 51 2370 Belgium			Member of the Board of Directors of Polymed Distribution FZE
			Member of the Board of Directors of Ravago Holding America, Inc.
			Member of the Board of Directors of Resinex BMY Plastik Kim.San. Ve Ticaret
			Member of the Board of Directors of Resinex UK Ltd.
			Member of the Board of Directors of Plastomark (Proprietary) Ltd.
			Non-executive Director of Campi Y Jove sau
			Non-executive Director of Winnco Productos Quimicos sl
			Non-executive Director of Resinex Spain sl
			Non-executive Director of Pegasus Petrochemical Asia Ltd.
			Non-executive Director of Polymed Global Group Ltd.
			Member of the Board of Directors of Ultra Plastik Boya ve Kimya
			Non-executive Director B&R NV
			Non-executive Director of Ravago Holding America, Inc.
			Member of the Board of Directors of KBC Verzekeringen NV
			Member of the Board of Directors of KBC Groep NV
			Non-executive Director of Pegasus Trading Co Ltd
			Non-executive Director of Polymed Trading FZE

Name and business address	Position	Expiry date of current term of office	External offices
			Member of the Board of Directors of Ravago Italia SPA

TAXATION

The Netherlands

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

(i) holders of Notes holding a substantial interest (aanmerkelijk belang) or deemed substantial interest (fictief aanmerkelijk belang) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;

(ii) investment institutions (fiscale beleggingsinstellingen); and

(iii) pension funds, exempt investment institutions (vrijgestelde beleggingsinstellingen) or other entities that are exempt from Netherlands corporate income tax.

Where this summary refers to a holder of Notes, such reference is restricted to a holder holding legal title to, as well as an economic interest in, such Notes.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*).

Corporate and Individual Income Tax

(a) Residents of the Netherlands

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and

gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52 per cent.) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

(i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*) to which enterprise the Notes are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year, insofar as the individual's yield basis exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1st January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments will be taxed at a rate of 30 per cent.

(b) Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (nor has opted to be taxed as a resident of the Netherlands), such holder is not liable to Dutch income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

(i) the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25 per cent.

(ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Notes which exceed regular, active portfolio management

(*normaal, actief vermogensbeheer*), or (3) is (other than by way of securities) entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 52 per cent. Income derived from a share in the profits as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

Gift and Inheritance Tax

(a) Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death. A gift made under a condition precedent is deemed to be a made at the time the condition precedent is fulfilled and is subject to Dutch gift and inheritance tax if the donor is a (deemed) resident of the Netherlands at that time.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a donation within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

(b) Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or as a result of, the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax, unless, in the case of a gift of the Notes by or on behalf of, a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands. A gift made under a condition precedent is deemed to be a made at the time the condition precedent is fulfilled.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

Belgium

The following summary describes the principal Belgian tax considerations with respect to the holding of Notes. This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Notes. In some cases, different rules can be applicable. This summary does not describe the tax consequences for a holder of Notes that are redeemable in exchange for, or convertible into assets, of the exercise, settlement or redemption of such Notes or any tax consequences after the moment of exercise, settlement or redemption.. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

Each prospective holder of Notes should consult a professional adviser with respect to the tax consequences of an investment in the Notes, taking into account the influence of each regional, local or national law.

Withholding Tax and Income Tax

Tax rules applicable to natural persons resident in Belgium

Belgian natural persons who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (*"Personenbelasting"/"Impôt des personnes physiques"*) and who hold the Notes as a private investment, are in Belgium subject to the following tax treatment with respect to the Notes. Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

In accordance with Belgian tax law, the following amounts are qualified and taxable as "interest": (i) periodic interest income (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date) (iii) if the Notes qualify as "fixed income securities" (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in case of a realisation of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period. "Fixed income securities" are defined as bonds, specific debt certificates issued by banks (*'kasbon'/'bon de caisse'*) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

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

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

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 21 per cent., increased with local surcharges (however, the Belgian federal government has approved a

draft bill which, if adopted by the legislator, would abolish such local surcharges) and increased, as the case may be, with the 4 per cent. additional tax on investment income (see below).

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

If the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 21 per cent. increased, as the case may be, with the 4 per cent. additional tax on investment income (see above).

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Belgian resident companies

Corporations Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian Corporate Income Tax (*"Vennootschapsbelasting"/"Impôt des sociétés"*) are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax of 33.99 per cent. Capital losses are in principle deductible.

Interest payments on the Notes made through a paying agent in Belgium can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered. The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Belgian legal entities

Legal entities Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian tax on legal entities (*"Rechtspersonenbelasting"/"impôt des personnes morales"*) are in Belgium subject to the following tax treatment with respect to the Notes.

In accordance with Belgian tax law, the following amounts are qualified and taxable as "interest": (i) periodic interest income (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date) (iii) if the Notes qualify as "fixed income securities" (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in case of a realisation of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period. "Fixed income securities" are defined as bonds, specific debt certificates issued by banks (*'kasbon'/ 'bon de caisse'*) and other similar securities, including securities where

income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 21 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is required to declare and pay the 21 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gain qualifies as interest (as defined above). Capital losses are in principle not tax deductible.

Organization for Financing Pensions

Belgian pension fund entities that have the form of an Organization for Financing Pensions (OFP) are subject to Belgian Corporate Income Tax (*"Vennootschapsbelasting"/"Impôt des sociétés"*). OFPs are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by OFP Noteholders on the Notes and capital gains realised on the Notes will be exempt from Belgian Corporate Income Tax. Capital losses are in principle not tax deductible.

The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Belgian non-residents

The interest income on the Notes paid through a professional intermediary in Belgium will, in principle, be subject to a 21 per cent. withholding tax, unless the Noteholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors can also obtain an exemption of Belgian withholding tax on interest from the Notes if they are the owners or *usufructors* of the Notes and they deliver an affidavit confirming that they have not allocated the Notes to business activities in Belgium and that they are non-residents, provided that (i) the interest is paid through a Belgian credit institution, stock market company or clearing or settlement institution and that (ii) the Notes are not used by the Issuer for carrying on a business in Belgium.

The non-residents who use the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies (see above). Non-resident Noteholders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

European Directive on taxation of savings income in the form of interest payments

The EU has adopted a directive (European Council Directive 2003/48/EC) regarding the taxation of savings income (hereinafter "Savings Directive"). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons resident in another Member State (hereinafter "Disclosure of Information Method"), except that Austria and Luxembourg may instead impose a withholding system (hereinafter "Source Tax") for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. A number of third countries and territories have adopted similar measures to the Savings Directive.

Individuals not resident in Belgium

Interest paid or collected through Belgium on the Notes and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

Individuals resident in Belgium

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of Euro 2.5.

Tax on stock exchange transactions and tax on repurchase transactions

A *taxe sur les opérations de bourse* (tax on stock exchange transactions will be levied on the purchase and sale in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of Euro 650 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

A *taxe sur les reports* (tax on repurchase transactions) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 650 per transaction and per party).

However none of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126.1 2° of the *Code des droits et taxes divers* (Code of various duties and taxes) for the *taxe sur les opérations de bourse* and Article 139, second paragraph, of the same code for the *taxe sur les reports*.

Gift, estate or inheritance tax

Except for the gift tax payable in the case of a gift by deed made in Belgium, no gift, estate or inheritance tax is due in Belgium in respect of Notes, unless a Noteholder is resident in Belgium at the time of his death.

Luxembourg

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21st June, 2005 (the "Laws") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3rd June, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "Territories"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 35 per cent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23rd December, 2005, as amended (the "Law") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

Pursuant to the Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

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) and are not intended to be exhaustive. They assume that neither interest on the Notes nor payments in respect of the Guarantee have a United Kingdom source and, in particular, that neither the Issuer nor the Guarantor is United Kingdom resident or acts through a permanent establishment in the United Kingdom in relation to the

Notes. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

Interest on the Notes

Payments of interest on the Notes by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax.

Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual, or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on the redemption of such Notes HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2013.

Payments in respect of the Guarantee

Any payments in respect of the Guarantee may be made without withholding or deduction for or on account of United Kingdom income tax.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

The European Commission has proposed certain amendments to the Savings Directive which may amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have in a programme agreement (as amended and/or supplemented and/or restated from time to time the "Programme Agreement") dated 27 June 2012 agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Programme Agreement, the Issuer and the Guarantor have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries. None of the Issuer, Guarantor nor any other Dealer shall have any responsibility therefor.

None of the Issuer, the Guarantor nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

In particular (but without limiting the generality of the above), subject to any amendment or supplement which may be agreed with the Issuer and the Guarantor in respect of the issue of any Tranche, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, to comply with the following provisions except to the extent that, as a result of any change in, or the official interpretation of, any applicable laws and/or regulations, non-compliance would not result in any breach of the applicable laws and/or regulations.

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.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The 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 United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each issuance of Fixed Rate Notes, Floating Rate Notes, Index Linked Notes, Equity Linked Notes, Fund Linked, Commodity Linked Notes, Currency Linked Notes, Inflation Linked Notes, Credit Linked Notes, Partly Paid Notes or Range Accrual shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Spain

This Base Prospectus has not been registered with the Spanish Securities Market Regulator ("*Comisión Nacional del Mercado de Valores*"). Accordingly, this Base Prospectus is not intended for any public offer of Notes in Spain, as defined pursuant to Law 24/1988 and Royal Decree 1310/2005, both as amended, and any regulation issued thereunder.

Japan

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 "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered

and sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the applicable Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

The Netherlands

The Notes may not be offered to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive (as defined in Article 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Prospectus Directive or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), provided that no such offer of Notes shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or spaarbewijzen as defined in the Dutch Savings Certificates Act (Wet inzake spaarbewijzen; the "SCA")) may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or distributed, and will not offer, sell or distribute any Notes or any copies of this Base Prospectus or of any other document relating to the Notes in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998, as amended (the "Financial Services Act") and Article 34-ter, first

paragraph, letter (b) of CONSOB Regulation No. 11971 of 14th May, 1999, as amended from time to time ("Regulation No. 11971"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29th October, 2007 (as amended from time to time) and Legislative Decree No. 385 of 1st September, 1993, as amended (the "Banking Act"); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

Czech Republic

No permit for the issue of the Notes has been obtained (including the obtaining of the approval of the terms and conditions of the Notes) from the Czech National Bank under Act of the Czech Republic No. 190/2004 Coll., on Bonds (the "Bonds Act"). No approval of a prospectus has been sought or obtained from the Czech National Bank with respect to the Notes. No action has been taken to passport a prospectus approved by the competent authority of a Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") into the Czech Republic by delivery of certificate of the competent authority of the Relevant Member State to the Czech National Bank attesting that a prospectus approved by the another Relevant Member State authority has been drawn up in accordance with law of the European Union.

No action has been taken (including the obtaining of the prospectus approval from the Czech National Bank and the admission to trading on a regulated market (as defined in Section 55 of the Act of the Czech Republic No. 256/2004 Coll., on Conducting Business in the Capital Market (the "Capital Market Act")) for the purposes of the Notes to qualify as listed securities within the meaning of Section 2(1)(l) of the Capital Market Act.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it has not offered or sold, and will not offer or sell, any Notes in the Czech Republic through a public offering, being - subject to several exemptions set out in the Capital Market Act (e.g. (i) an offer of the Notes addressed solely to qualified investors (as defined under the Capital Market Act), (ii) an offer of the Notes addressed to fewer than 150 natural or legal persons per Relevant Member State, other than qualified investors; (iii) an offer of the Notes addressed to investors where the minimum permitted investment amounts at least to €100,000 per investor) -any communication to a broader circle of persons containing information on the securities being offered and the terms under which they may acquire the securities and which are sufficient for the Investor to make a decision to subscribe for, or purchase, such securities.

Accordingly, any person making or intending to make any offer within the Czech Republic of Notes which are the subject of the placement contemplated in this Base Prospectus should only do so in circumstances in which no obligation arises for the Issuer or any of the Dealers to produce a prospectus for such offer. Neither

the Issuer nor the Dealers have authorised, nor do they authorise, the making of any offer of Notes through any financial intermediary, other than offers made by Dealers which constitute the final placement of Notes contemplated in this Base Prospectus.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, with the Issuer and each other Dealer that it has complied with and will comply with all the requirements of the Capital Market Act and the Bonds Act and has not taken, and will not take, any action which would result in the Notes being deemed to have been issued in the Czech Republic, the issue of the Notes being classed as "accepting of deposits from the public" by the Issuer in the Czech Republic under Section 2(2)(a) of Act of Czech Republic No.21/1992 Coll., on Banks (as amended) (the "Banks Act") or requiring a permit, registration, filing or notification to the Czech National Bank or other authorities in the Czech Republic in respect of the Notes in accordance with the Capital Markets Act, the Bonds Act, the Banks' Act or the practice of the Czech National Bank.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, with the Issuer and each other Dealer that it has complied with and will comply with all the laws of the Czech Republic applicable to the conduct of business in the Czech Republic (including the laws applicable to the provision of investment services (within the meaning of the Capital Market Act) in the Czech Republic) in respect of the Notes.

Poland

This Base Prospectus has not been approved by the Polish Financial Supervisory Authority ("**PFSA**") nor notified (passported) to the PFSA by the CSSF in accordance with applicable procedures. Accordingly, the Notes may not be offered in the Republic of Poland ("Poland") in the public offering , defined in the Polish Act on Public Offerings, the Conditions Governing the Introduction of Financial Instruments to Organised Trading System and Public Companies dated 29th July, 2005 (as amended) as providing information about the Notes and conditions of the purchase of the Notes constituting a sufficient basis to undertake a decision on the purchase of the Notes made in any form and by any means, if such proposal is addressed to 100 or more people or to an unspecified addressee ("**Public Offering**"). Each Dealer has confirmed, and each further Dealer appointed under the Programme will be required to confirm, that it is aware that no approval has been obtained from PFSA nor such notification made and has represented, and each further Dealer appointed under the Programme will be required to represent, that it has not offered, sold or delivered and will not offer, sell or deliver the Notes in Poland in the manner defined as Public Offering as part of their initial distribution or otherwise to residents of Poland or on the territory of Poland. Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the acquisition and holding of the Notes by residents of Poland may be subject to restrictions imposed by Polish law (including foreign exchange regulations) and that the offers and sales of the Notes to Polish residents or within Poland in secondary trading may also be subject to restrictions.

The Grand Duchy of Luxembourg

In addition to the cases described in the Public Offer Selling Restrictions under the Prospectus Directive in which each Dealer can make an offer of Notes to the public in a Relevant Member State (including the Grand Duchy of Luxembourg) ("Luxembourg"), each Dealer can also make an offer of Notes to the public in Luxembourg:

(a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;

(b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and

(c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg Act dated 10th July, 2005 on prospectuses for securities implementing the Directive 2003/71/EC (the "Prospectus Directive") into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF as competent authority in Luxembourg in accordance with the Prospectus Directive.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO")) other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the SFO and any rules made under the SFO, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the "CO") or which do not constitute an offer to the public within the meaning of the CO; and

(b) 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 in 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 SFO and any rules made under the SFO.

Republic of Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in the Republic of Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Korea

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act and its subordinate decrees and regulations (collectively, the "FSCMA"). Accordingly, each Dealer has represented and agreed, and each new Dealer further appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, directly or indirectly, in Korea or to any Korean resident (as such term is defined in the Foreign Exchange Transaction Law and its subordinate decrees and regulations (collectively, "FETL")), except as otherwise permitted under applicable Korean laws and regulations, including the FSCMA and FETL. Furthermore, the Notes may not be resold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the FETL) in connection with the purchase of the Notes.

Hungary

No approval of this Base Prospectus has been sought or obtained from the Hungarian Financial Supervisory Authority in accordance with the Act CXX of 2001 on the Capital Markets (the "Capital Markets Act") in respect of the Notes. No application has been filed nor has any permission been obtained for accepting, nor has any other arrangement for trading, the Notes on any public market in Hungary been made. Accordingly, each Dealer has represented and agreed that it has not offered or sold or made any other arrangement, and will not offer or sell or make any other arrangement, in respect of the Notes for their trading in Hungary, in a manner that would require the approval of this Base Prospectus by the Hungarian Financial Supervisory Authority under the applicable Hungarian laws. Accordingly, any person making or intending to make any offer of Notes within Hungary which are the subject of the placement contemplated in this Base Prospectus should only do so in circumstances in which no obligation arises for the Issuer or any of the Dealers to have a prospectus for such offer approved by the Hungarian Financial Supervisory Authority.

Slovak Republic

No approval of this Base Prospectus has been sought or obtained from the National Bank of the Slovak Republic in accordance with the Slovak Securities Act (No. 566/2001 Coll.) in respect of the Notes. No application has been filed nor has any permission been obtained for accepting, nor has any other arrangement for trading, the Notes on any public market in the Slovak Republic been made. Accordingly, each Dealer has represented and agreed that it has not offered or sold or made any other arrangement, and will not offer or sell or make any other arrangement, in respect of the Notes for their trading in the Slovak Republic, in a manner that would require the approval of this Base Prospectus by the National Bank of the Slovak Republic under the applicable laws valid in the Slovak Republic. Accordingly, any person making or intending to make any offer within the Slovak Republic of Notes which are the subject of the placement contemplated in this Base Prospectus shall only do so in circumstances in which no obligation arises for the Issuer or any of the Dealers to have a prospectus for such offer approved by the Slovak prudential authorities.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by resolutions of the Management Board of the Issuer dated 20 June 2012, by resolutions of the Supervisory Board of the Issuer dated 21 June 2012 and by resolutions of the sole shareholder of the Issuer dated 25 June 2012. The giving of the Guarantee has been authorised by resolutions of the Guarantor's Executive Committee dated 19 June 2012.

Listing and admission to trading of Notes on the Luxembourg Stock Exchange

Application has been made to the CSSF for the approval of this document as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of publication of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will be available during normal business hours at the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg (where applicable, with an English translation thereof):

(i) the constitutional documents of the Issuer and the constitutional documents of the Guarantor; and

(ii) the Programme Agreement, the Agency Agreement (including as Schedules the forms of the Temporary Global Note, the Permanent Global Note, the Definitive Note, the Receipt, the Coupon and the Talon), the Guarantee and the Deed of Covenant.

For the period of 12 months following the date of this Base Prospectus, copies and, where appropriate, English translations of the following documents will be available on the website of the Luxembourg Stock Exchange at www.bourse.lu and during normal business hours at the registered office of the Issuer:

(i) a copy of this Base Prospectus;

(ii) the audited annual non-consolidated financial statements of the Issuer in respect of the financial years ended 31st December, 2011 and 31st December, 2010 and the audited annual consolidated financial statements of the Guarantor in respect of the financial years ended 31st December, 2011 and 31st December, 2010;

(iii) the Extended Quarterly Report 1Q2012 of KBC Group NV; and

(iv) any future prospectuses, base prospectuses, information memoranda and supplements including Final Terms relating to Notes which are listed on the Luxembourg Stock Exchange or offered in a Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (whether or not listed on the Luxembourg Stock Exchange).

Copies of each Final Terms (together with the relevant Base Prospectus) relating to Notes which are either admitted to trading on any other regulated market in the European Economic Area or offered in any other

Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be available for viewing in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market. Copies of each Final Terms relating to any other Notes (together with the relevant Base Prospectus) will only be available for viewing by a holder of such Notes upon production of evidence satisfactory to the Issuer, or the Paying Agent, as the case may be, as to the identity of such holder.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms. Euroclear and Clearstream, Luxembourg are the entities in charge of keeping the records.

The address of Euroclear is 3 Boulevard du Roi Albert III, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been:

(a) no significant change in the financial or trading position of the Issuer or the Guarantor or the KBC Bank Group since 31st March, 2012; and

(b) no material adverse change in the financial position, business or prospects of the Issuer, the Guarantor or the KBC Bank Group since 31st December, 2011.

Litigation

KBC IFIMA N.V.

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer.

KBC Bank NV

This section concerns material litigation to which KBC Bank NV or any of its subsidiaries are party.

Although the outcome of these matters is uncertain and some of the claims concern relatively substantial amounts in damages, the management does not believe that the liabilities arising from these claims will adversely affect KBC Bank's consolidated financial position or results, given the provisions that, where necessary, have been set aside for these disputes.

Except for the litigation described in this section, the Guarantor is not involved in any governmental, legal or arbitration proceedings which may have or have had in the 12 months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Guarantor.

Judicial inquiries and criminal proceedings

From late 1995 until early 1997, KBC Bank and KB Consult NV ("KB Consult") were involved in the sale of "cash companies" to various purchasers. A "cash company" is characterised by the fact that a substantial majority of the assets consist of accounts receivable, fixed financial assets, cash and other highly liquid assets. KB Consult acted as an intermediary between the seller and the purchaser of the cash companies. The involvement of KBC Bank differed from sale to sale, but generally related to the handling of payments and the granting of loans. The transfer of a cash company is in principle a legal transaction. However, in March 1997, KBC Bank and KB Consult discovered that certain purchasers of these cash companies failed to reinvest such companies' cash in qualifying assets and file tax returns for the cash companies they purchased in order to thereby defer the taxes owed by such companies. KBC Bank and KB Consult immediately took the necessary measures to prevent any further involvement with these parties. The activities of KB Consult were subsequently wound up. KBC Bank and KB Consult were summoned separately or jointly to court in 28 legal actions. This resulted in 20 lawsuits of which 18 are still pending before the courts. In one occasion KBC Group was summoned to intervene in the lawsuit. A provision of EUR49.2 million *(status 31st March, 2012)* has been constituted to cover the potential impact of any liability with respect to these actions.

In addition to KB Consult and KBC Bank, KBC Group was also summoned before the Chambers section of the Court of First Instance in Bruges on 25th February, 2009. The charges against the aforesaid KBC entities relate only to the use of false documents. The trial was postponed several times. On 9th November, 2011 a judgment ordered KBC Bank and KB Consult be prosecuted together with 21 other parties indicted of various crimes with regard to tax fraud. KBC Group was dismissed. An appeal was lodged against this dismissal by the Prosecutor and two civil parties.

In 2003, a major case of fraud at K&H Equities Hungary was uncovered. Numerous customers suffered substantial losses on their securities portfolios as a result of unauthorized speculative transactions and possible misappropriations of funds. Instructions and portfolio overviews were forged or tampered with. In August 2008, criminal sentences were handed down. An appeal is pending. Most claims have already been settled either amicably or following an arbitral decision. Appropriate provisions have been set aside for the claims still outstanding, taking into account compensation provided by an external insurer.

Other litigation

On 19th June, 2000 ČSOB concluded an "Agreement on Sale of Enterprise" with another Czech bank, IPB, which had been placed under forced administration on 16th June, 2000. This agreement was approved by the Czech National Bank ("CNB"). In connection with the acquisition by ČSOB of the Enterprise of IPB ("IPB Enterprise"), the Czech Ministry of Finance (acting on behalf of the Czech Republic) entered into an agreement with and provided a state guarantee to ČSOB, and the CNB also entered into an indemnity agreement with ČSOB.

ČSOB is party (claimant/plaintiff or defendant) to a number of civil actions that were triggered by the acquisition of the IPB Enterprise.

The most significant action is the so-called **J. Ring-case**. On 13th June, 2007 ČSOB filed a Request for Arbitration against the Czech Republic for CZK1.7 billion (approximately EUR62.3 million) plus interest as a result of the failure of the Czech Republic to reimburse ČSOB in connection with the J. Ring-case.

In its response in which it presented its defence in this arbitration proceeding, the Czech Republic asserted in July 2007 a counter-claim of CZK26.7 billion (approximately EUR1 billion). On 29th December, 2010 ČSOB obtained the arbitration award pursuant to which the claim of the Ministry of Finance from 2007 made against ČSOB, concerning the guarantees provided during the takeover of the failing IPB, has been denied.

The decision confirms the long-term position of ČSOB, which was always convinced that the procedure during the bailout of the IPB business, including state guarantees, on which the state and CSOB agreed in 2000, was adequate to the situation and in accordance with the law.

The Czech Republic filed a challenge against the J. Ring award before Austrian courts only with regard to the claim awarded to ČSOB, but did not challenge the decision on its counterclaim, which has now become definite. On 19th April, 2012 the Commercial Court in Vienna dismissed the challenge filed by the Ministry of Finance against the J. Ring arbitral award.

In March 2000, Rebeo and Trustimmo, two subsidiaries of Almafin (a subsidiary of KBC Bank), together with four former directors of Broeckdal Vastgoedmaatschappij (a real estate company) were summoned by the Belgian Ministry of Finance to appear before the civil court in Brussels regarding non-payment of 16.7 million euros in taxes owed by Broeckdal. However, Broeckdal Vastgoedmaatschappij contested this claim and in December 2002 initiated court proceedings against the Belgian Ministry of Finance before the civil court in Antwerp. The civil case pending before the Brussels court has been suspended until final judgment has been passed in the tax related proceedings pending before the Antwerp court. A provision of 26.46 million euros has been set aside to cover potential damages.

KBC Bank and subsidiaries like K&H Bank and CSOB SK received several complaints about downgraded **CDO notes** issued by KBC FP and sold to private banking and corporate clients. They claim a buy back of the notes at the original value.

It was decided to examine all CDO related files with respect to private banking and retail clients on a case-by-case basis and to settle the disputes as much as possible out of court. Almost all cases were settled.

As a result of complaints, some Corporate Banking files were also examined by KBC Bank and in a limited number of files settlements were reached.

Only a few lawsuits are ongoing, most of which pending in degree of appeal after judgements in favour of KBC Bank.

In Hungary a marketing brochure was used which could be misinterpreted, which resulted in a fine imposed by both the Hungarian Financial Supervisory Authority (PSZAF) and the Hungarian Competition Authority. K&H lodged an appeal against the first decision and against the judgement rejecting the appeal lodged against the second decision.

In one case a criminal complaint was lodged against KBC Bank in France. The inquiry is still ongoing.

Appropriate provisions have been set aside for the claims still outstanding.

Statutory Auditors

The auditors of the Issuer are Ernst & Young Accountants LLP, Prof. Dr. Dorgelolaan 12, 5613 AM Eindhoven, The Netherlands. The auditors of the Issuer are members of the *Nederlands Instituut voor Registeraccountants*. The Issuer's financial statements for the years ended 31st December, 2010 and 31st December, 2011 and the related auditors' reports are incorporated by reference. The financial statements of the Issuer for the years ended 31st December, 2010 and 31st December, 2011 have been audited in accordance with Dutch GAAP and resulted, in each case, in an unqualified opinion. The auditors of the Issuer have no

material interest in the Issuer. The auditors of the Guarantor are Ernst & Young Bedrijfsrevisoren BCVBA (*erkend revisor/réviseur agrée*), represented by P. Vanderbeek and/or C. Weymeersch, with offices at De Kleetlaan 2, B-1831 Diegem Brussels. The auditors of the Guarantor are members of the *Instituut der Bedrijfsrevisoren/Institut des Reviseurs d'Entreprises*. The financial statements of the Guarantor for the years ended 31st December, 2010 and 31st December, 2011 have been audited in accordance with Belgian GAAS and resulted, in each case, in an unqualified opinion. The auditors of the Guarantor have no material interest in the Guarantor.

The reports of the auditors of each of the Issuer and the Guarantor are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Base Prospectus.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any assets underlying any Notes constituting Derivative Securities.

Dealers transacting with the Issuer and the Guarantor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantor and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or Guarantor routinely hedge their credit exposure to the Issuer or Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Other

This Base Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the *Autorité des marches financiers*.

THE ISSUER

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3067 GG Rotterdam
The Netherlands

THE GUARANTOR

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DEALERS

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20121 Milan
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Banco Santander, S.A.
Ciudad Grupo Santander
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Citigroup Centre
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England

Nomura International plc
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London EC4R 3AB
England

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
England

ISSUING AND PAYING AGENT

KBL European Private Bankers S.A.
43, Boulevard Royal L-2955 Luxembourg

PAYING AGENT

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England

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To the Dealers as to Dutch, Belgian and English law

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Belgium

To the Issuer

Ernst & Young Accountants LLP
Prof. Dr. Dorgelolaan 12
5613 AM Eindhoven
The Netherlands

LUXEMBOURG LISTING AGENT

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